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APPENDIX B

Excerpts from transcript not included in the printed record and statistical tables based on sources subject to judicial notice

I. *Excerpts from transcript not included in the printed record*

1. EXCERPTS FROM TRANSCRIPT OF ORAL TESTIMONY BEFORE THE ADMINISTRATOR

NEWMAN ARNOLD TOLLES (Tr. 227–228), a witness, called on behalf of Industry Committee Number 1, having been previously sworn, resumed the stand, was examined and testified as follows:

Mr. PITTS. If I may, I would like to clear up for the record a correction.

Further direct examination by Mr. PITTS:

Q. Mr. Tolles, you gave some extemporaneous remarks without referring to the statistical data to which you have later referred. Have you some remarks to make with reference to your further inspection of statistics?

A. Yes, it is merely an arithmetical correction. I was asked what the estimated level of average hourly earnings would be after a 32½-cent minimum was applied on our own calculations. In obtaining these figures, I intended merely to multiply the existing average hourly earnings by the estimated increase in average hourly earnings in percentage terms, which I had already given.

The correct figures, I believe, are North 45.3 cents, South 38.9 cents, and total country 43.3 cents.

These are average hourly earnings in the cotton-goods branch after the application of 32½-cent minimum.

Mr. BERRINGER. Is that all?

Mr. PITTS. That is all.

GORDON L. CHASTAIN (Tr. 1127–1128)

Cross-examination by Mr. TAYLOR:

Q. Do you have wage contracts in force at the present time in the South?

A. Very few. As you already possibly know, there has been quite a confusion in our own organization for the past two years, the organization known as the United Textile Workers of America has been in the Textile Workers Organizing Committee of the CIO, so we might term it as a newly established organization in the American Federation of Labor, of only a few months of age.

Q. In the case of those contracts, do you recall any that provide for minima of less than 32½ cents an hour?

A. No, sir, I don't.

Q. Would you be in a position to know about that?

A. There are some places that I possibly wouldn't. I feel reasonably sure that there is not, but it is possible that there could be one. I cover the entire South, and it is possible there might be one, but I am almost certain in my own mind that there is none. One reason for that, sometimes we don't set a minimum for this reason— the employer whom we know to be fair, and there are plenty of fair employers in the cotton textile business in the South, they raise the argument—"I don't care what the minimum wage is, but don't force me to say so

much in my contract, don't force me to put that in there and pay so much, until you organize my competitors and thereby force me to pay a specified minimum, and when you organize my competitor, that will be all right with me, I have no objection to the minimum that has been agreed to by the others of my competitors.

L. JAMES JOHNSON (Tr. 1144)

Cross-examination by Mr. TAYLOR:

Q. Mr. Johnson, I wish to ask you certain of the same questions that I asked Mr. Chastain.

I believe you stated you have had experience in wage negotiations?

A. Yes, sir.

Q. As a representative of your organization?

A. Yes, sir.

Q. Do you have wage contracts in force in the South at the present time?

A. Yes, sir.

Q. Do any of those contracts provide for a minimum wage of less than 32½ cents?

A. No, sir.

EMIL RIEVE (Tr. 1187, 1199–1204), a witness called on behalf of the Textile Workers Union of America, being duly sworn, upon examination, testified as follows:

Direct examination by Mr. ABT:

A. * * *

Much has been said during the past week in Washington and much more will doubtless be said during the coming weeks here in Atlanta with reference to low-wage, obsolescent, so-called marginal

mills. It has frequently been asserted by the opponents of the majority report—as yet without proof—that there are a large number of such mills and that a 32.5-cent minimum wage dooms them to certain extinction. I challenge that statement.

The argument rests largely upon the assumption that low-wage mills are likewise obsolescent mills which are forced to reduce wages in order to maintain their competitive place in the market. Observation, in my own experience, leads me to believe that there is little if any correlation between substandard wages and obsolescence. The Bureau of Labor Statistics has pointed out in its report No. 663 that "some large low-wage mills achieve an average or better than the average output and hence achieve extremely low costs." My own observation confirms this statement.

Further, the term "obsolescence" is often conveniently used not to describe out-dated equipment but to mask managerial inefficiency. I am firmly of the opinion that if a 32.5-cent minimum wage becomes effective, mill operators who now find it easier to pay low wages than to revise antiquated factory and sales technique, will rapidly discover it possible to continue to do business at a profit by simple revisions in these techniques, without any additional investment in mill equipment.

The questions which have been propounded by opponents of the majority report all assume that the domicile of these hypothetical marginal mills lies South of the Mason and Dixon line. However, our studies show that, on the whole, textile mills in the South are of more recent construction and contain more modern machinery than those in the North.

One indication of this important fact may be found in a report issued by a manufacturer of looms who found that only 15.9 percent of the Northern looms were less than 10 years old, while the percentage of such looms in the South was 25.32 percent. Figures on extent of the use of long draft spinning would substantiate this conclusion.

In addition, all of the information in our possession suggests that work loads and job assignments in southern cotton textile mills are heavier and more severe than in the north.

The arguments advanced by the opponents of the majority report are further predicated on the assumption that certain mills have adopted a low-wage policy, not to gain a competitive advantage in the price of their products, but rather to maintain their place in the market against the threat from more efficient mills. The Bureau of Labor Statistics made an extremely significant report which bears directly on this point. It is published in full in the Monthly Labor Review for April, 1937, page No. 843. The study concerns employment, pay rolls and man-hours worked in cotton-goods establishments, classified by changes in earnings from April, 1935 to April, 1936.

Mills are classified in 5 categories: Those which increased wages by more than 2.5 percent during that period; those whose wages changed from an increase of 2.5% to a decrease of 2.5%; those which recorded decreases from 2.5% to 7.4%; those recording decreases from 7.5% to 17.4%; and finally those which recorded decreases of more than 17.4%. I shall not review the results of that study in detail. Since it is production of a Governmental Agency, I assume that both the Admin-

istrator and Courts will take judicial notice of it without its introduction in evidence.

The significant point which emerges from the study can be briefly summarized; those mills whose wage changes varied from an increase of 2.5% to a decrease of 2.5% reported an increase of 8.4% in man-hours worked. Those mills which resorted to extensive wage cutting by decreasing wages from 2.5% and more, increased their man-hours worked by 37.4%. Thus the business of the wage cutters increased more than 4 times that of mills which tended to maintain their wage structures.

Thus it is clear that mills resort to wage cutting and low wages, not to maintain their competitive position, but for the purpose and with the result of raiding the market enjoyed by their competitors.

The opponents of the majority report who weep for the fate of the so-called marginal mills make a further assumption. They assume that the hypothetical obsolescence of their hypothetical marginal mills has been the result of the cruel inexorable operation of economic forces beyond the control of management. I have indicated above that managerial inefficiency rather than true obsolescence is generally the explanation for high manufacturing costs, where such high costs exist.

In addition I wish to point out that examples of true obsolescence are often, if not always, the result of a deliberate policy, chosen by management; a policy which has dedicated mill profits in good years to high dividends and fat executive salaries rather than to reinvestment in plant improvements.

Mills which have resorted to such a policy in the past can scarcely be heard to complain today that the lean years find them without financial ability to engage in the type of modernization program which they failed to take advantage of in the past.

The ability of small so-called marginal mills to survive a much greater increase in labor cost than that contemplated by the proposed order was dramatically illustrated by the testimony of Mr. Moorhead in Washington. He referred to a North Carolina mill with an average hourly wage of 4⅓ cents prior to the adoption of the N. R. A. code. The adoption of the code, which required it to increase average hourly wages by something like 700%, momentarily closed its doors. But it shortly reorganized, reopened and resumed business.

My own experience indicates that while this illustration is extreme, it is by no means unique. The record of cotton mill profits in the South after the adoption of the N. R. A. code confirms my own observation.

The Federal Trade Commission's report on textile mill profits shows not only that southern cotton textile mills became profitable after the promulgation of the Code, but that during the period, 1933 to 1936, their rate of return on capital investment was 5% or 6% greater than that reported for Northern mills.

I am satisfied on the basis of the foregoing analysis that the pictured plight of the so-called marginal mills is wholly illusory, and that the modest wage increase contemplated by the proposed order will not prove fatal to any mill with a management keen enough and wide awake enough to long survive, even in the absence of such a minimum.

Mr. EMIL RIEVE (Tr. 1219–1220, 1227)

Cross-examination by Mr. BALLEW:

Q. Do you anticipate the effect of this wage order, or the wage increase, rather, will be reflected in the price of the cotton goods sold to the public, or that it will be absorbed somewhere else?

A. I suppose that part of it will be absorbed by the cotton mills, and that part of it will be absorbed by the cotton garment cutters industry, and that when it finally reaches the ultimate consumer, I doubt if there is going to be any increases at all. The consumer, as I believe it was demonstrated in Washington, will possibly not have to pay any added cost, because the cutting or designing department, as was demonstrated there, will possibly have some changes made in the styles where it will cost slightly less, and put a few less buttons on the garments, and the consumer will still get the article for the same price.

Cross-examination by Mr. MCKELVY:

Q. Well, Mr. Rieve, to what extent did the majority of the Committee consider the small or marginal mills in the establishment of the 32½-cent minimum?

* * * * *

The WITNESS. Well, I can say that in my judgment about 80 percent of the time spent by the Committee was spent in discussing and analyzing the type of mills that you are referring to.

2. INDUSTRY COMMITTEE EXHIBIT NO. 4

FEBRUARY 23, 1939.

MEMORANDUM

To: Industry Committee No. 1.
From: Economic Section, Wage and Hour Division.

The Possible Effect of Different Minima (25 Cents to 40 Cents per Hour) in the Cotton Textile Industry on Labor Costs, Manufacturing Costs, and Prices

A considerable amount of conflicting evidence has been submitted to Industry Committee No. 1 concerning the effect of the establishment of various minimum-wage rates on the wage bill, on manufacturing costs, and on prices. Each calculation has been based upon assumptions which may or may not be tenable. An attempt is made here to review the different calculations and explain the methods involved.

Possible Effect on Labor Costs.

Representatives of the employers (The Cotton Textile Institute) introduced evidence before the Committee tending to show that the various minima from 25 cents per hour to 40 cents per hour would result in increases to individual employees ranging from a 3.4 percent increase to a 220.0 percent increase. With these calculations, an attempt was made to measure the total impact of minima

from 27.5 cents to 40.0 cents per hour which might be established by a wage order plus the impact of the already established statutory minimum-wage rate of 25 cents per hour. Representatives of the employees (Textile Workers' Organizing Committee) introduced evidence tending to show that the total wage bill of the industry would be increased by about 20.0 percent by the establishment of a minimum wage of 40 cents per hour. In arriving at this figure the effect of the statutory 25-cent minimum-wage rate was ignored, and an allowance of 5.0 percent was made for increase in wage rates which are now in excess of 40 cents per hour.

The calculations introduced by the witnesses of the employers and the employees may both be accurate, but they both appear to fall short of presenting the complete picture. The estimates of the employers, in expressing the increases as percentage increases to individual employees, tend to magnify the effect of a minimum which might be established, while the estimates of the employees in expressing the increase in terms of the total wage bill of the industry fail to reveal the effect of a minimum-wage rate on specific groups of workers and on individual establishments.

In view of the fact that the calculations of the employers, of the employees, and of this Section are based on the same source (Bulletin No. 663—Bureau of Labor Statistics) the methods by which the estimates are derived become as important as the results. The calculations submitted by the Cotton Textile Institute take the simple percentage distributions of employees as found by the Bureau of Labor Statistics and make a few alterations

"made necessary by the use of the north-south proportion." For example, in computing the effect of the various minima on the wages of the group earning between 25.0 and 27.4, the midpoint 26.2 is subtracted from the minima 27.5, 30.0, 32.5, etc., and the difference is expressed as a percentage of 26.2. This procedure expresses the actual increase in the wage rates of employees in each *interval* but fails to indicate the increase in the total wage bill. Employees in the lower wage *intervals* receive a very small percentage of the total wage bill and a high percentage increase in their wage rates has a very slight effect on the total wages of a given plant. For example, if a firm employs 11 wage earners, 10 of whom are receiving 40 cents per hour and the eleventh is receiving 20 cents per hour, the increase in the total wage bill resulting from a 100-percent increase in the wage rate of the eleventh worker would be only 4.8 percent. (The total wage bill would be $4.20 per hour before increase and $4.40 per hour after increase. Hence the percentage increase in the total wage bill would be $0.20÷$4.20=4.8 percent.)

In order to determine accurately the direct effect of a given minimum-wage rate on the industry, it is necessary to determine first the percentage of the employees who are receiving less than the established minimum and the ratio of their wage rate to the average wage rate. The percentage increase in the wage rate of this group may then be applied to that proportion of the industry or plant wage bill which is represented by the pay rolls received by the group in question. Thus the effect of a minimum-wage rate of 32.5 cents per hour on the integrated mills in the north which were paying an

average wage rate of from 37.5 to 40.0 cents per hour in August 1938 may be determined by referring to the distribution of wage earners as shown on page 128 (Table 73) of Bulletin 663. One and two-tenths percent of the employees were receiving an average of less than 25.0 cents per hour. On the assumption, for the purpose of these calculations, that the hourly wage rate of these employees has been, in compliance to the Fair Labor Standards Act, raised to exactly 25.0 cents per hour, these employees would now be receiving 64.3 percent of the average wage of mills in this group. The wage bill of that particular group of workers therefore amounts to 1.2×0.643, or to 0.77 percent of the total wage bill. A minimum wage rate of 32.5 cents would increase the wages of the group by 30.0 percent and increase the total wage bill by 0.77 multiplied by 30.0 percent, or an increase in the total wage bill of 0.23 percent. In a like manner, the effect on other wage groups in these mills may be calculated.

Mid-point of wage rate group		Average wage rate		Ratio of mid-point of wage rate to average wage rate		Percent of employees receiving the wage rate		Percent of wage bill received by group		Percent increase in their wages		Increase in total wage bill
25.00	÷	38.75	=	0.643	×	1.2	=	0.77	×	30.0	=	0.23
26.25	÷	38.75	=	.675	×	3.5	=	2.37	×	23.8	=	.56
28.75	÷	38.75	=	.740	×	3.7	=	2.74	×	13.0	=	.35
31.25	÷	38.75	=	.804	×	9.9	=	7.96	×	04.0	=	.32

Total increase in wage bill, 1.46 percent.

The above calculations fail to account for increases in wage rates above the minimum. Representatives of the employees estimated that the direct effect of a minimum of 40 cents per hour would be about 14.1 percent and then assumed more or less arbitrarily that "indirect" increases above the

minimum would necessitate an additional 5.0 percent increase in the wage bill. Representatives of the employers, from the N. I. R. A. experience, assumed that the average wage rate would be 120 percent of the minimum in the South and 123 percent of the minimum in the North. These ratios were applied to the wage figures of each group of plants shown by the Bureau of Labor Statistics (plants paying average wages of 20 to 25 cents, 25 cents to 30 cents, etc.). This procedure involved the assumption that the minimum rates contemplated would have the same effect on average hourly earnings as the N. I. R. A. minima. These minima were, respectively, 17.9 percent above the pre-code average earnings in the North and 46.3 percent above the average in the South. The employers' procedure also assumed that the effect of a given minimum on wages above the minimum would be the same in plants averaging between 20 and 25 cents as in plants which averaged between 45 and 50 cents per hour.

No estimate of the effect of the establishment of a minimum-wage rate on wage rates above that minimum can be made with accuracy or certainty. It seems reasonable to assume, however, that wage rates above the minimum will be affected over a period of time. Thus under the N. I. R. A. experience, the difference between the average hourly earnings in July and August 1933 reflect almost entirely the effect of the new minima, while the difference between August 1933 and August 1934 measures almost entirely the granting of increases above the minima. In the United States as a whole, the impact of the increase in wage rates above the minima was 13.1 percent as great as that

resulting directly from the minima; in Northern mills it was 8.1 percent as great; in Southern mills it was 14.4 percent as great.

By assuming that increases above the minimum will bear the same relation to increases up to the minimum as the increases during the year after the Code bore to the increases at the time of the Code, it is possible to modify the calculations on page 4 to take account of the probable total impact of new minimum rates. Thus the total increase in the wage bill of Northern integrated mills which averaged 37.5 to 40 cents an hour in August 1938 would be 1.46 percent, as shown on page 4, increased by 8.1 percent, or a total of 1.58 percent (1.46+0.12).

For the industry as a whole, the combined effect of the various possible minimum rates would be as follows:

A minimum of—

27.5 cents would increase the industry's wage bill by 0.8 percent.
30.0 cents would increase the industry's wage bill by 1.9 percent.
32.5 cents would increase the industry's wage bill by 4.0 percent.
35.0 cents would increase the industry's wage bill by 7.0 percent.
[redacted]cents would increase the industry's wage bill by 11.1 percent.
40.0 cents would increase the industry's wage bill by 15.9 percent.

In considering the effect of various possible minima on groups of mills, it is useful to bear in mind the relative importance of each group. Table 1, reproduced from B. L. S. Bulletin 663 (p. 74), shows the distribution of the 784 cotton-textile plants covered by that study according to the average hourly earnings of all employees in each plant.

To calculate the effect of the present minimum of 25 cents an hour or the effect of any other minimum on the various types of plants, it is necessary to have a distribution of earnings of individual workers in each group of plants under consideration. The calculations which follow are based upon such

information as is contained in Tables 73 and 74 of B. L. S. Bulletin No. 663 (pp. 128, 129).

TABLE 1.—*Average hourly earnings in the cotton-goods industry, August 1938*

[Source: Wages in Cotton-Goods Manufacturing—Bulletin No. 663, U. S. Bureau of Labor Statistics]

Average hourly earnings (cents)	United States total		North		South		Cumulative percentage of total employees		
	Number of establishments	Number of employees	Number of establishments	Number of employees	Number of establishments	Number of employees	United States	North	South
Less than 20.0	6	1,211	-------	-------	6	1,211	0.4	-------	0.5
20.0-24.9	28	4,714	-------	-------	28	4,714	1.9	-------	2.4
25.0-27.4	28	6,108	-------	-------	28	6,108	3.8	-------	4.8
27.5-29.9	35	5,858	3	311	32	5,547	5.6	0.4	7.0
30.0-32.4	69	18,944	-------	-------	69	18,944	11.5	.4	14.6
32.5-34.9	114	44,707	5	459	109	44,248	25.5	1.1	32.3
35.0-37.4	147	58,679	10	1,777	137	56,902	43.9	3.7	55.0
37.5-39.9	82	49,607	15	5,310	67	44,297	59.4	11.4	72.7
40.0-44.9	155	99,743	66	38,020	89	61,723	90.6	66.4	97.4
45.0-49.9	55	22,191	41	16,188	14	6,003	97.6	89.3	99.8
50.0-54.9	25	4,279	22	3,925	3	354	98.9	95.5	99.9
55.0-59.9	[1] 11	1,580	9	1,446	[1] 2	134	99.4	97.6	100.0
60.0-64.9	13	714	13	714	-------	-------	99.6	98.6	-------
65.0-69.9	7	626	7	626	-------	-------	99.8	99.5	-------
70.0-74.9	3	194	3	194	-------	-------	99.9	99.8	-------
75.0 and over	6	139	6	139	-------	-------	100.0	100.0	-------
Total	784	319,294	200	69,109	584	250,185	-------	-------	-------

[1] Includes 1 establishment at a higher rate.

TABLE 2.—*Percentage increase in the wage bill in integrated mills in the North resulting from the establishment of certain specified minimum wage rates* [1]

Minimum hourly wage rate of—	Average hourly wage, in August 1938, of—			
	37.5 and under 40.0 cents	40.0 and under 42.5 cents	42.5 and under 45.0 cents	45.0 and under 50.0 cents
	Percent	*Percent*	*Percent*	*Percent*
27.5 cents	0.21	0.09	0.04	0.02
30.0 cents	.66	.26	.12	.04
32.5 cents	1.58	.57	.30	.10
35.0 cents	3.58	1.86	1.21	.56
37.5 cents	6.88	4.28	2.97	1.74
40.0 cents	11.19	7.56	5.45	3.52

[1] Including an allowance of 8.1 percent of the direct increase for increases above the minimum.

The effect of minimum wage rates of from 27.5 cents an hour to 40 cents an hour on the wage bill of Northern integrated mills is shown in Table 2. These calculations are made by the method just described, including the indicated allowances for increases of wages above each minimum. The labor costs of these mills which paid the lowest average wages (37.5 cents to 40.0 cents) would be increased by two-tenths of one percent (0.2%) as a result of a minimum of 27.5 cents and by 11.19 percent as a result of a minimum of 40 cents. Mills formerly averaging from 45 to 50 cents an hour would also have their labor costs increased by two one-hundredths of one percent after a 27.5-cent minimum was ordered, and by 3.52 percent after a 40-cent order.

The effects of various minima on the integrated mills of the South are similarly shown in Table 3. A 27.5-cent minimum would increase labor costs of the lowest-wage mills (20- to 25-cent averages) by 9.32 percent while the same minimum would increase the labor costs of the group paying the highest averages shown (45 to 50 cents) by fifteen-hundredths of one percent (0.15%). A 40-cent minimum would increase by 62.14 percent the labor costs of mills at the low-wage end while the same minimum would increase by 4.28 cents the labor costs of mills formerly averaging from 45 to 50 cents an hour.

The impact of a minimum wage will be most widely felt on spinning mills in the South because a large proportion of such mills was paying relatively low average hourly wages in August 1938. The Bureau of Labor Statistics report as of August showed that 62 mills out of the 784 covered by

the study were paying an average hourly wage of less than 27.5 cents per hour. Of these 62 establishments, 41 were southern yarn mills. On the assumption that the wage rates in these mills have been increased to 25 cents per hour since August 1938, effects on the further labor costs of selected minima would be as shown in Table 4.

TABLE 3.—*Percentage increase in the wage bill in integrated mills in the South resulting from the establishment of certain specified minimum wage rates* [1]

Minimum hourly wage rate of—	Average hourly wage, in August 1938, of—								
	20.0 and under 25.0 cents	25.0 and under 30.0 cents	30.0 and under 32.5 cents	32.5 and under 35.0 cents	35.0 and under 37.5 cents	37.5 and under 40.0 cents	40.0 and under 42.5 cents	42.5 and under 45.0 cents	45.0 and under 50.0 cents
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
27.5 cents	9.32	4.22	1.41	0.88	0.56	0.34	0.39	0.09	0.15
30.0 cents	19.37	10.52	4.34	2.55	1.44	.82	.90	.22	.39
32.5 cents	29.79	18.21	9.72	5.97	3.59	2.02	1.75	.51	.80
35.0 cents	40.45	26.66	16.65	11.03	7.41	4.53	3.39	1.10	1.42
37.5 cents	51.25	35.54	24.32	16.99	12.30	8.18	5.96	2.19	2.53
40.0 cents	62.14	44.70	32.43	23.55	17.98	12.64	9.29	4.07	4.28

[1] Including an allowance of 14.4 percent of the direct increase for increases above the minimum.

TABLE 4.—*Percentage increase in the wage bill in spinning mills in the South resulting from the establishment of certain specified minimum-wage rates* [1]

Minimum hourly wage rate of—	Average hourly wage, in August 1938, of—					
	20 and under 25 cents	25 and under 30 cents	30 and under 32.5 cents	32.5 and under 35 cents	35 and under 37.5 cents	37.5 and under 40 cents
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
27.5 cents	8.99	3.55	1.19	0.43	0.19	0.25
30.0 cents	18.96	9.19	3.41	1.05	.57	.84
32.5 cents	29.42	14.35	7.87	2.72	1.72	1.33
35.0 cents	40.11	26.31	14.44	6.98	4.67	2.84
37.5 cents	50.87	35.84	22.00	13.37	9.42	5.67
40.0 cents	61.71	45.60	30.12	20.69	15.34	9.93

[1] Including an allowance of 14.4 percent of the direct increase for increases above the minimum.

Should the Committee consider a series of minimum rates, according to occupation, calculations can be made as to the effect on the labor costs of various mills of these differential rates. Tables 5, 6, and 7, which follow, show the effects of various possible minimum rates for skilled, semiskilled, and unskilled workers in Northern integrated, Southern integrated, and Southern spinning mills. The definition of each of these groups of workers is shown in B. L. S. Bulletin No. 663 (p. 82, footnote).[1]

TABLE 5.—*Percentage increase in wage bill of integrated mills in the North corresponding to various minimum wage rates for skilled, semiskilled, and unskilled workers*[1]

Minimum hourly wage rate of—	Average hourly wage in August 1938			
	37.5 and under 40.0 cents	40.0 and under 42.5 cents	42.5 and under 45.0 cents	45.0 and under 50.0 cents
SKILLED	*Percent*	*Percent*	*Percent*	*Percent*
27.5 cents	0.015	0.001	0.005	0.001
30.0 cents	.038	.005	.015	.004
32.5 cents	.084	.024	.032	.014
35.0 cents	.179	.101	.083	.043
37.5 cents	.388	.191	.195	.095
40.0 cents	.948	.562	.415	.192
SEMISKILLED				
27.5 cents	.083	.028	.008	.011
30.0 cents	.240	.070	.023	.031
32.5 cents	.490	.151	.079	.058
35.0 cents	1.293	.651	.350	.275
37.5 cents	3.020	1.740	.948	.799
40.0 cents	5.472	3.347	2.013	1.643
UNSKILLED				
27.5 cents	.105	.054	.029	.008
30.0 cents	.391	.183	.079	.021
32.5 cents	1.012	.400	.208	.048
35.0 cents	2.124	1.094	.795	.277
37.5 cents	3.486	2.290	1.825	.869
40.0 cents	4.895	3.660	3.029	1.717

[1] Including an allowance of 8.1 percent of the direct increase for increase above the minimum.

[1] Skilled: Card grinders, fixers—other than loom, drawers-in—hand, loom fixers, second hands, section hands,

TABLE 6.—*Percentage increase in wage bill of integrated textile mills in the South corresponding to various minimum-wage rates for skilled, semiskilled, and unskilled workers* [1]

Minimum hourly wage rate of—	Hourly average wage, in August 1938, of—								
	20.0 and under 25.0 cents	25.0 and under 30.0 cents	30.0 and under 32.5 cents	32.5 and under 35.0 cents	35.0 and under 37.5 cents	37.5 and under 40.0 cents	40.0 and under 42.5 cents	42.5 and under 45.0 cents	45.0 and under 50.0 cents
SKILLED									
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
27.5 cents	1.34	0.22	0.08	0.05	0.009	0.003	-------	0.002	-------
30.0 cents	3.11	.73	.23	.15	.02	.009	0.002	.008	-------
32.5 cents	5.23	1.67	.51	.38	.07	.03	.02	.01	0.003
35.0 cents	7.56	2.99	1.09	.81	.21	.09	.08	.03	.01
37.5 cents	10.07	4.54	2.01	1.53	.50	.21	.22	.11	.05
40.0 cents	12.65	6.43	3.19	2.53	1.02	.43	.41	.29	.10
SEMISKILLED									
27.5 cents	5.61	2.38	.38	.19	.13	.03	.01	.03	-------
30.0 cents	11.52	6.22	1.64	.77	.40	.10	.05	.08	.01
32.5 cents	17.45	10.93	4.51	2.44	1.30	.54	.18	.15	.05
35.0 cents	23.38	16.04	8.39	5.18	3.18	1.68	.67	.29	.11
37.5 cents	29.33	21.27	12.66	8.47	5.83	3.55	1.65	.66	.37
40.0 cents	35.26	26.54	17.11	12.08	8.97	6.07	3.13	1.52	.85
UNSKILLED									
27.5 cents	2.37	1.61	.86	.62	.41	.31	.39	.05	.14
30.0 cents	4.74	3.55	2.29	1.61	1.02	.72	.85	.15	.37
32.5 cents	7.10	5.58	4.44	3.12	2.20	1.46	1.54	.35	.74
35.0 cents	9.47	7.61	6.81	5.00	3.99	2.77	2.65	.77	1.28
37.5 cents	11.84	9.64	9.17	6.94	5.96	4.42	4.11	1.40	2.09
40.0 cents	14.21	11.69	11.57	8.87	7.96	6.14	5.74	2.25	3.29

[1] Including an allowance of 14.4 percent of the direct increase for increases above the minimum.

slasher tenders, smash hands, warp-tying machine tenders, weavers. Unskilled: Cleaners—machinery, creelers, filling and battery hands, laborers, learners, roving men, sweepers and scrubbers, truckers—general, watchmen. Semi-skilled: Card tenders and strippers, comber tenders, doffers, drawing-frame tenders, oilers, picker tenders, slubber tenders, speeder tenders, spinners—frame, trimmers and inspectors, warper tenders, winders, spoolers, and reelers.

TABLE 7.—*Percentage increase in wage bill of southern spinning mills corresponding to various minimum wage rates for skilled, semiskilled, and unskilled workers* [1]

Minimum hourly wage rate of—	Average hourly wage, in August 1938, of—					
	20.0 and under 25.0 cents	25.0 and under 30.0 cents	30.0 and under 32.5 cents	32.5 and under 35.0 cents	35.0 and under 37.5 cents	37.5 and under 40.0 cents
SKILLED	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
27.5 cents	0.21	0.06	0.005			
30.0 cents	.57	.23	.01			
32.5 cents	1.01	.56	.06	0.009	0.005	
35.0 cents	1.49	.98	.16	.05	.02	0.007
37.5 cents	2.01	1.45	.38	.14	.07	.03
40.0 cents	2.62	2.01	.70	.32	.15	.08
SEMISKILLED						
27.5 cents	6.89	2.35	.56	.17	.05	.02
30.0 cents	14.57	6.49	1.84	.42	.16	.08
32.5 cents	21.94	12.52	4.85	1.52	.71	.26
35.0 cents	30.97	19.68	9.59	4.90	2.59	.93
37.5 cents	39.26	27.09	16.27	10.15	6.01	2.54
40.0 cents	47.59	34.62	21.15	16.20	10.50	5.39
UNSKILLED						
27.5 cents	1.92	1.03	.61	.27	.15	.23
30.0 cents	3.89	2.21	1.54	.64	.41	.55
32.5 cents	5.86	3.58	2.94	1.20	1.00	1.06
35.0 cents	7.84	5.09	4.64	2.07	2.06	1.91
37.5 cents	9.80	6.50	6.41	3.11	3.33	3.10
40.0 cents	11.78	8.12	8.17	4.19	4.68	4.50

[1] Including an allowance of 14.4 percent of the direct increase for increases above the minimum.

In order to ascertain the total effect on the wage bill of a group of mills paying a certain average hourly wage, it is necessary to add the effect on the total wage bill of the different minima for each class of workers to which they apply. For example, the total percentage increase in the wage bill of northern integrated mills, which were paying an average hourly wage of 37.5 cents and under 40.0 cents in August 1938, of minimum wage rates of 40.0 cents per hour for skilled employees, 30.0 cents per hour for semiskilled employees, and

27.5 cents per hour for unskilled employees would be 0.95+1.29+0.10 or 2.34 percent.

Possible Effect of Manufacturing Costs.

Labor costs comprise only one portion of the total costs of manufacturing. Hence the percentage increase in manufacturing cost resulting from any given minimum wage will be smaller than the corresponding increase in labor cost alone. The effect of a minimum wage on manufacturing costs will depend on the ratio of labor cost to total manufacturing costs as well as on its influence on the wage bill.

This labor-cost ratio varies considerably within the cotton-manufacturing industry. Among integrated mills it is generally highest where "fine cotton goods" are produced, and lowest in mills specializing on "coarse-colored cottons." For the period January–June 1936 the Federal Trade Commission found that labor costs averaged 29.2 percent of the total manufacturing of integrated mills.[2] The range was from 23.0 percent to 40.8 percent, according to type of product.

The present ratio of labor costs to total manufacturing costs may be estimated from changes in average hourly earnings and changes in the price of cotton since 1936. Such an estimate can, of course, give weight only to known changes in cost factors and is not intended to be definitive; in making the calculations it has been assumed that changes have occurred only in labor and raw-material costs. Average hourly earnings were 4.1

[2] Federal Trade Commission figures for this period were used by the Cotton Textile Institute in its presentation before Industry Committee No. 1.

percent higher in August 1938 than they were in 1936. The average price of one-inch staple cotton in the third quarter of 1938 was 27.7 percent less than the average price in the first six months of 1936. Applying the percentage increase in hourly earnings to labor costs (29.2 percent of manufacturing costs) plus an additional 3.0 percent allowance for Social Security taxes, and applying the decrease in the price of cotton to the 1936 raw-material costs (49.96 percent of manufacturing costs), labor costs are today estimated to be, on an average, about 36 percent of total manufacturing costs.

The increases in the industry's total manufacturing cost, as a result of the various possible minimum-wage rates, may be calculated on the assumption that labor costs now average 36 percent of total manufacturing costs. A 27.5-cent minimum would raise total manufacturing cost by three-tenths of one percent (0.3%) while a 40-cent minimum would result in an increase of 5.7 percent:

Minimum-wage rate	Increase in labor costs (p. 6)	Increase in manufacturing costs (column 2×0.36)
(1)	(2)	(3)
	Percent	*Percent*
27.5 cents	0.8	0.3
30.0 cents	1.9	0.7
32.5 cents	4.0	1.4
35.0 cents	7.0	2.5
37.5 cents	11.1	4.0
40.0 cents	15.9	5.7

An average figure may not truly represent the situation in any single mill. The average will

unquestionably be higher than the actual ratio applicable to some mills and lower than that applicable to other mills. In order to present as broad a picture as possible, similar calculations have been made with regard to labor costs in spinning mills, and in mills producing "fine cotton goods." In the spinning mills labor costs now represent about 34 percent of total manufacturing costs and in the mills producing "fine cotton goods" the ratio now appears to average 47 percent. In adjusting the 1936 ratio for "fine cotton goods," the average price of premium cotton (cotton for broadcloth, voiles, and lawns) was used rather than the price of one-inch staple.

TABLE 8.—*Percentage increase in the manufacturing costs in integrated mills in the North resulting from the establishment of certain specified minimum-wage rates* [1]

Minimum hourly wage rate of—	Average hourly wage, in August 1938, of—			
	37.5 and under 40.0 cents	40.0 and under 42.5 cents	42.5 and under 45.0 cents	45.0 and under 50.0 cents
	Percent	*Percent*	*Percent*	*Percent*
27.5 cents	0.08	0.03	0.01	0.01
30.0 cents	.24	.09	.04	.01
32.5 cents	.57	.21	.11	.04
35.0 cents	1.29	.67	.44	.20
37.5 cents	2.48	1.54	1.07	.63
40.0 cents	4.03	2.72	1.96	1.27

[1] Including an allowance of 8.1 percent of the direct increase in the wage bill for increases above the minimum-wage bill represents 36 percent of manufacturing costs.

TABLE 9.—*Percentage increase in the manufacturing costs in integrated mills in the South resulting from the establishment of certain specified minimum wage rates* [1]

Minimum hourly wage rate of—	Average hourly wage, in August 1938, of—								
	20.0 and under 25.0 cents	25.0 and under 30.0 cents	30.0 and under 32.5 cents	32.5 and under 35.0 cents	35.0 and under 37.5 cents	37.5 and under 40.0 cents	40.0 and under 42.5 cents	42.5 and under 45.0 cents	45.0 and under 50.0 cents
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
27.5 cents	3.36	1.52	0.51	0.32	0.20	0.12	0.14	0.03	0.05
30.0 cents	6.97	3.79	1.56	.92	.52	.30	.32	.08	.14
32.5 cents	10.72	6.56	3.50	2.15	1.29	.73	.63	.18	.29
35.0 cents	14.56	9.60	5.99	3.97	2.67	1.63	1.22	.40	.51
37.5 cents	18.45	12.79	8.76	6.12	4.43	2.94	2.15	.79	.91
40.0 cents	22.37	16.09	11.67	8.48	6.47	4.55	3.34	1.47	1.54

[1] Including an allowance of 14.4 percent of the direct increase in the wage bill for increases above the minimum. Wage bill represents 36 percent of manufacturing costs.

TABLE 10.—*Percentage increase in the manufacturing costs in spinning mills in the South resulting from the establishment of certain specified minimum-wage rates* [1]

Minimum hourly wage rate of—	Average hourly wage, in August 1938, of—					
	20.0 and under 25.0 cents	25.0 and under 30.0 cents	30.0 and under 32.5 cents	32.5 and under 35.0 cents	35.0 and under 37.5 cents	37.5 and under 40.0 cents
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
27.5 cents	3.06	1.21	0.40	0.15	0.06	0.09
30.0 cents	6.45	3.12	1.16	.36	.19	.22
32.5 cents	10.00	4.88	2.68	.92	.58	.45
35.0 cents	13.64	8.95	4.91	2.37	1.59	.97
37.5 cents	17.30	12.19	7.48	4.55	3.20	1.93
40.0 cents	20.98	15.50	10.24	7.03	5.22	3.38

[1] Including an allowance of 14.4 percent of the direct increase in the wage bill for increases above the minimum. Wage bill represents 34 percent of manufacturing costs.

TABLE 11.—*Percentage increase in the wage bill in manufacturing costs in northern mills producing "fine cotton goods" resulting from the establishment of specified minimum-wage rates*[1]

Minimum hourly wage rate of—	Percentage increase in—	
	Wage bill	Manufacturing costs
	Percent	*Percent*
27.5 cents	0.06	0.03
30.0 cents	.18	.08
32.5 cents	.44	.21
35.0 cents	1.35	.63
37.5 cents	3.13	1.47
40.0 cents	5.65	2.66

[1] Including an allowance of 8.1 percent of the direct increase in the wage bill for increases above the minimum. Wage bill represents 47 percent of manufacturing costs.

Tables 8, 9, and 10 show the effect of minima from 27.5 cents to 40.0 cents per hour on the manufacturing costs of integrated mills and of spinning mills in the South. In table 11 is an attempt to indicate the effect of various minima on manufacturing costs when the labor ratio is high. In compiling Table 11, the distribution of wage rates by plant averages for the entire industry in the North was used because it was believed to be more representative than the distribution by plant averages for any special group of mills. No similar table was made for mills producing "fine cotton goods" in the South, due to the fact that product differentials in wage rates are more pronounced in the South, so that the average wage rate for all Southern mills would not be representative of the wage rates paid by the Southern producers of fine goods.

A summary picture of the range of possible increases in manufacturing costs may now be given to show the variation at low and high minimum wage levels by type of mill:

Type of mill	Percent increase in manufacturing costs—		For further detail see—
	From 27.5-cent minimum	From 40-cent minimum	
	Percent	*Percent*	
All mills—Average	0.3	5.7	Page 22.
Integrated—Northern	.01	4.01	Table 8.
Integrated—Southern	.05	22.25	Table 9.
Spinning—Southern	.09	21.23	Table 10.
Fine goods—Northern	.03	2.63	Table 11.

From this summary it appears that the Southern spinning mills would have the largest percentage increase in cost as a result of a relatively low minimum-wage rate, but approximately the same increase as Southern integrated mills under a 40-cent minimum. (Southern spinning mills would have a larger percentage increase in manufacturing costs than Southern integrated mills, at a low minimum-wage, because there is a considerable number of employees in Southern spinning mills receiving very low wages; and hence, the wages of a greater proportion of the employees in spinning mills would be affected by a 27.5-cent minimum wage.) Northern fine-goods mills would be affected less than any other general class of mills by a 40-cent minimum, in spite of the fact that their ratio of labor cost to manufacturing cost is relatively high. The influence of the high labor-cost ratio in Northern fine-goods mills is offset by the fact that a 40-cent minimum would have a relatively small effect on the wage bill of these mills.

Effect on Prices to Consumers.

(a) *General Considerations*

While any raising of existing minimum-wage rates will, at first, increase the wage bill of some

mills, considerable disagreement may exist as to the effect of an increased minimum on the prices to consumers of cotton products. Contrasting predictions arise because of the numerous possibilities. Presumably, any substantial increase in the manufacturing costs would be reflected in the price of gray goods. Even this increase may be only temporary. The cotton-goods industry is equipped to produce a much larger volume of products than are actually sold and a wide range of efficiency exists between different mills. Under these conditions a prospect of rising prices may stimulate production to the point where prices soon return to their former levels with, perhaps, a gradual transfer of production from the less efficient to the more efficient mills.

Assume, however, that the increased price of gray goods continues for some time. Three different results are possible: (1) an increase in the price to consumers of cotton products; (2) an offsetting of increased labor costs in some mills by manufacturer's manipulations of other cost factors; or (3) absorption of the increased cost out of the profits of some concerns in the chain from manufacturer to wholesaler to retailer.

The likelihood of any one of these various results depends on the extent of the initial increase in costs and on the flexibility of the price of the particular product under consideration. If manufacturing costs were increased greatly and prices were flexible, an increase in consumer price would be most probable. If manufacturing costs were increased slightly and rigid prices prevailed, an increase in the price to the consumer would be un-

likely. If manufacturing costs were increased moderately and customary prices were rigid, the conditions would be most favorable for manufacturer's manipulations to offset the initial increase in costs.

Certain cotton products, such as shirts, wash dresses, pajamas, and many types of infants' and children's wear are sold at rigid wholesale and retail prices. Substantial changes in cost would be necessary to overcome the resistance to price changes. The wholesale and retail prices on such cotton products as sheets, pillowcases, and yard goods are also lacking in flexibility though they are probably less rigid than are the prices of shirts and wash dresses. The possibility that an increase in mill-labor costs will be passed on to the consumer is, of course, greater where prices are more flexible. It is doubtful, however, that wholesale or retail prices of many cotton products are sufficiently flexible to reflect small changes in costs. A simple analysis of the effect of an increase of mill-labor costs on the consumer's price of some important cotton products will serve to illustrate the tendencies that may be anticipated in a large part of the industry.

Because most of the final products of cotton textiles are sold at standard-price lines; these prices are not as closely related to the costs of production as is the case for commodities with relatively flexible prices. Over short periods of time, at least, small fluctuations in mill costs are not likely to be reflected in the retail prices of cotton textile products. Retailers generally determine the price at which the merchandise will be sold and other prices are figured backward from a virtually fixed

retail price.[3] The retailer subtracts his margin, the wholesaler (when participating) subtracts his margin, and the remainder is the maximum selling price for the fabric, wash dress or shirt. It is apparent, therefore, that small increases in costs would not be reflected in consumer prices. The determining factor in the effect of a rise in mill-labor cost and consumer's prices is the magnitude of the increase in relation to retail prices and to the margins between established price lines in the wholesale and retail markets.

It will be helpful in this connection to examine briefly the marketing practices and trace the route of cotton yarn or gray goods from the mill to the retail merchant in the form of fabrics, garments, and household furnishings. The existing marketing system for cotton textiles is rather complex and the fact that the goods may change hands several times before reaching the consumer will amplify to a degree the effect of an increase in mill-labor costs. Most mills maintain neither a sales organization nor a finishing (bleaching, dyeing, or printing) department. Under normal procedure mills sell cotton cloth in the gray, through a commission agent, to a converter. The converter has the cloth finished at a per-yard rate and sells the fabric to the wholesaler or retailer of fabrics or to a consuming manufacturer (shirt producer, dress producer, etc.). Thus an increase in mill costs arising out of an increased minimum wage would be compounded by the selling agent's commission and the converter's profit as well as by the profits

[3] Merchandising of Cotton Textiles—Methods and Organization, M. T. Copeland and E. P. Learned, 1933, p. 29.

of the consuming manufacturer, the wholesaler when used, and the retailer. This indirect procedure is practically obsolete in the marketing of sheets, pillowcases, and towels. In recent years, as a result of forward or backward integration, the intermediate agencies have been eliminated and these articles are made in the spinning and weaving mills and are sold directly to the wholesaler or the retailer.

(b) *Ratio of Mill Labor Costs to Wholesale Prices*

In making the following calculations, it will be assumed that mill-labor costs account for 36 percent of the manufacturing costs of gray goods.[4] Furthermore, it will be assumed that the entire increase in labor cost resulting from a minimum wage will be passed on in increases in the prices of various cotton products instead of being absorbed in profits or offset by compensating manipulations of manufacturers.

The effect of an increase of mill-labor cost will depend upon the particular type of cotton goods which is ultimately produced. According to the United States Tariff Commission,[5] the price of gray goods represents the following percentages of the total cost[6] of various types of cloth:

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[4] Compare p. 10.

[5] Report to the President on Cotton Cloth, U. S. Tariff Commission, April 1936.

[6] Total costs included transportation, finishers' cost, selling expense, converter's expense, selling agent's commission, but not converter's profit. Converter's profits are highly variable within a season and between fabrics and hence are difficult of expression. They are, however, on the whole a small portion of the total cost of the finished fabrics and

Bleached print cloth	80.3%
Dyed print cloth	73.4%
One-color printed cloth	61.9%
Four-color printed cloth	55.8%

Assuming that mill-labor costs represent 36 percent of the total costs of gray goods, labor costs in cotton-textile mills represent the following percentages of the costs of these various types of cloth:

Bleached print cloth	28.9%	(80.3×0.36).
Dyed print cloth	26.4%	(73.4×0.36).
One-color printed cloth	22.3%	(61.9×0.36).
Four-color printed cloth	20.1%	(55.8×0.36).

The price of finished cloth represents a major item, but not the only item, in the costs of producing shirts, wash dresses, and other finished articles. According to evidence collected by the National Industrial Recovery Board, material costs [7] represented the following percentages of the wholesale prices of these goods:

Cotton wash dresses (18 firms)	48.4%
Cotton shirts (12 firms)	44.8%
Miscellaneous cotton garments (16 firms)	49.0%

The percentage of labor costs in gray-goods mills to the total cost of these finished cotton products may be computed by applying the ratio of mill-labor cost to the material-cost factors listed just above. Thus mill labor costs comprise the following proportions of the total costs of cotton wash dresses:

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their inclusion would not alter the following results materially.

[7] N. R. A., Division of Review, Evidence Study No. 8, Cotton Garment Industry, August 1935. Evidence for the period February 1933 to February 1934. In the following calculations the other items of material cost such as buttons, zippers, thread, etc., are tacitly assumed to increase in the same ratio as the cost of cotton cloth.

Made of dyed print cloth	12.8% (48.4×0.264)
Made of one-color printed cloth	10.8% (48.4×0.223)
Made of four-color printed cloth	9.7% (48.4×0.201)

Similarly the proportion of labor costs in gray-goods mills to the total cost of shirts is as follows:

Made of bleached print cloth	12.9% (44.8×0.289)
Made of dyed print cloth	11.8% (44.8×0.264)
Made of one-color printed cloth	10.0% (44.8×0.223)

In the case of miscellaneous cotton garments, the labor costs in gray-goods mills make up a slightly greater proportion of the total costs of the goods in wholesale markets:

Made of bleached print cloth	14.2% (49×0.289)
Made of dyed print cloth	12.9% (49×0.264)
Made of one-color printed cloth	10.9% (49×0.223)
Made of four-color printed cloth	9.8% (49×0.201)

The impact on wholesale prices of increased mill-labor costs would be greatest in those instances where mill-labor costs are high relative to the cost of finished cloth and raw material costs constitute a large percentage of total manufacturing costs. An example of this situation is a wash dress made of bleached print cloth. A more definite picture of the effect of an increase in mill-labor costs upon wholesale prices may be presented by the application of an assumed increase in mill-labor costs to the ratio of such costs to wholesale prices.

Assume, merely for illustration, that an established minimum wage in the cotton textile industry results in a 20-percent increase in the total wage bill of mills the product of which is essential to the determination of price to the consumer. The resulting increase in the wholesale price of the various articles would be one-fifth of whatever percentage that mill-labor cost represents to the wholesale price. On wash dresses the increase in

wholesale prices as a result of a 20-percent increase in mill-labor costs would be as follows:

Made of dyed print cloth	2.6% (12.8×0.2)
Made of one-color printed cloth	2.2% (10.8×0.2)
Made of four-color printed cloth	2.0% (9.7×0.2)

The wholesale price of shirts might be increased by the following percentages as a result of a 20 percent increase in labor costs in gray-goods mills:

Made of bleached print cloth	2.6% (12.9×0.2)
Made of dyed printed cloth	2.4% (11.8×0.2)
Made of one-color printed cloth	2.0% (10.0×0.2)

On miscellaneous cotton garments, the corresponding increases in price would be as follows, provided that the full effect of a 20 percent increase in mill-labor costs were reflected in wholesale price:

Made of bleached print cloth	2.8% (14.2×0.2)
Made of dyed print cloth	2.6% (12.9×0.2)
Made of one-color printed cloth	2.2% (10.9×0.2)
Made of four-color printed cloth	2.0% (9.8×0.2)

(c) *Effect on Retail Prices of Selected Goods*

The calculations just given have shown the full direct effect of a 20 percent increase in the wage bill of cotton textile mills on the wholesale prices of certain final cotton products. Such calculations involve the assumption that no other items of cost or profit from manufacturer to wholesaler of the final product, are increased or decreased. The effect of a mill-labor wage increase on retail prices can be computed in a similar manner by adding the markons of the wholesaler and retailer of these final products. The results of such calculations are shown below under "Method 1." An alternative system of calculations designed to meet certain possible objections is designated below as "Method 2."

INCREASE OF RETAIL PRICES—METHOD 1

Many cotton products move directly from the garment manufacturer to the retail outlet. However, the following calculations are based on the assumption that the merchandising channel includes a wholesaler as well as a retailer of the final product. The increase in the price to the final consumer may then be amplified by the percentage margins of the wholesaler and retailer. Normal wholesale mark-ons on standard textile products probably average 33.3 percent and those of the retailer probably average about 38.0 percent. The compound result of these two mark-ons is that any increase in the cost of final textile products may be raised by 83½ percent by the time these products reach the consumer ($1.33 \times 1.38 = 1.835$).

Previous computations have shown an increase of 2.6 percent in the cost to the wholesaler of cotton wash dresses of dyed print cloth, as a result of a 20-percent rise in the wage bill of gray-goods mills (p. 19). With the addition of wholesaler's and retailer's mark-ons, the corresponding increase in price to the consumer would become 4.8 percent. (2.6×1.83). On these assumptions, the prices of various kinds of wash dresses would rise by 3.7 percent to 4.8 percent, according to the type of cloth used in their construction:

Made of dyed print cloth	4.8% (2.6×1.83)
Made of one-color printed cloth	4.0% (2.2×1.83)
Made of four-color printed cloth	3.7% (2.0×1.83)

Similarly, a 20-percent rise in the wage bill of gray-goods mills might increase the price of shirts to the consumer by 3.5 percent to 4.8 percent:

Made of bleached print cloth	4.8% (2.6×1.83)
Made of dyed print cloth	4.4% (2.4×1.83)
Made of one-color printed cloth	3.5% (2.0×1.83)

The calculations just given allow for the continuation of the same *absolute margin* at each stage from gray goods to consumer as may have existed before the assumed increase in mill wages. In addition, allowance was made for the percentage mark-ons of the final wholesaler and retailer. Criticism may arise, however, because allowance was not made, throughout the whole chain, for maintaining the same *percentage margin* on the increased cost of materials which may result from the wage increase. It is by no means certain that percentage margins will be maintained, as this will depend on competitive conditions at the time when wages may be increased. However, a calculation of the possible pyramiding of the initial cost increase may be useful for estimating the outside limits of retail price increase which may result from a given wage increase in the textile mills. To do this, it will be useful to begin again with the example of a 20-percent increase in the wage bill of gray-goods mills, and with the ratio of mill-labor cost to total manufacturing cost of 36 percent (compare p. 10). Under these circumstances the wage increase would raise the mill price of gray goods by 7.2 percent (20×0.36).

The selling agencies of textile mills, whether commission agents or sales departments of the mills, are believed to operate on margins ranging from 2 percent to 5 percent. A fair average would probably be a 3.5 percent selling margin for gray goods. Liberal allowances for the margins on material cost of all possible agencies handling the

goods from the gray goods mill to the retail shirt store would be as follows:

	Percent
1. Mill selling agency	3.5
2. Converter	10.0
3. Wholesale print cloth dealer	20.0
4. Shirt manufacturer (ratio of raw material cost to manufacturer's wholesale price).[1] *This factor is a modifier and not a margin*	44.8
5. Wholesale shirt dealer	33.3
6. Retail shirt dealer	50.0

[1] N. R. A., Division of Review, Evidence Study No. 8, p. 48, August 1935.

To compound these margins it is necessary to add each percentage to the previous increase in price before calculating the next percentage. Because the cost of raw materials, item 4 above, represents 44.8 percent of the wholesale price of shirt manufacturers it is necessary to reduce the increase in this proportion before computing and adding the margins of the wholesale shirt dealer and the retail shirt dealer. The final result is that a 20 percent wage increase, which would raise gray goods costs by 7.2 percent, might increase the retail price of shirts by as much as 8.8 percent ($7.2\times1.35\times1.10\times1.20=9.84$. $9.84\times0.448\times1.333\times1.50=8.8$).

The first method leads one to expect an increase of shirt prices of perhaps 4.8 percent while the second method leads to the conclusion that the same wage increase would raise the retail price of shirts by 8.8 percent. This difference arises from the number of items of increased profit allowed for under Method 2 and from the difference in percent of profit allowed at each step. In the latter calculations the percentage of profit assigned to each step in the distributive channel was selected more or less arbitrarily as an approximate figure that might be too high rather than too low. If the percentage of profit is decreased by one percent

throughout the chain the effect of an increase as measured by the latter method would be 8.0 percent and another decrease of one percent would reduce the increase to 7.1 percent. A portion of the difference may be accounted for by the fact that no allowance was made in the first calculation for wholesale dealers in fabrics between the converter and the shirt manufacturer while in the latter calculation a 20.0 percent profit was allowed for this step in the channel. Furthermore "not more than 15 percent of all shirts are sold through wholesalers"[8] and probably a smaller percent of fabrics is sold by the converter through a wholesaler to shirt and dress manufacturers. Leaving out these two agencies in the distributive process the price increase necessary to compensate for the increase in wages would be 5.5 percent.

(d) *Conclusions on Prices to Consumers*

Both calculations of the effect of a wage rate increase on consumer prices presented have been made on the assumption of a 20 percent increase in the wage bill. From the available data it appears that the maximum increase in the wage bill which might result from the determination of a wage rate by the Committee would be 15.9 percent (including an allowance of 13.1 percent of the direct increase for increases in wages above the minimum). The increases in consumer prices which have been shown are therefore considerably greater than any increases which should be anticipated as

[8] Vertical Integration in the Textile Industries—Davis, Taylor, Balderston, Bezanson, et al., 1938.

a result of any minimum wage rate which could be recommended by Industry Committee No. 1.

In view of the strong tendency to market cotton goods at definite wholesale and retail prices it is to be doubted that prices to the wholesaler or retailer would be affected by such small increases in manufacturers' costs. If the increase in costs were sufficiently great the manufacturer might move a given article from a lower to a higher price bracket. The spread between the various wholesale and retail price classes is quite large, however, and a substantial increase in costs would be necessary for the producers to undertake such a shift. The wholesale prices of shirts, for example, are $7.50, $10.50, $12.65, $15.00, $18.00, and $24.00 per dozen. The succeeding wholesale prices are, respectively, 40 percent, 20 percent, 19 percent, 20 percent, and 33⅓ percent greater than the immediately lower price. Under such a price scale, it is doubtful whether an increase in wholesale prices short of 8 to 10 percent would cause retailers to shift any one type of goods from one price class to another. The maximum increase in wholesale price indicated in our calculations amounts to about 5.9 percent. In those instances, however, where prices are more flexible an increase in manufacturing costs might be reflected in prices to the wholesaler, the retailer, or to the consumer.

A more likely effect on the consumer of an increase in manufacturer's cost will arise out of manufacturer's manipulations of the quality of the goods to offset increases in labor costs. It does not necessarily follow that the consumer will be adversely affected by these manipulations. By varying the number of stitches per inch in seams,

by decreasing the depth of the hem, by shortening the tail of a shirt, and similar operations it is possible to offset slight changes in costs without greatly impairing the utility of the article. Manufacturers have customarily offset changes in the price of raw cotton by making the weaves more or less fancy, varying the finish, and changing the design or the number of colors in the combination. The changes just noted have only a slight effect on the wearing qualities of the article. Greater changes in costs lead to changes in the quality of the material of which the article is made. The price of raw cotton decreased by about 43.0 percent between January and December 1930. As raw material costs declined sharply, an 80-square percale replaced in dresses of a certain price class the 64-inch×60-inch or 68-inch×72-inch construction which had been used when cotton prices were higher.[9] In this connection it should be noted that raw material cost constitutes a larger proportion of manufacturing costs of gray-goods producers than do labor costs, and a given percentage change in cotton prices would have a much greater effect on prices to the consumer than an equal percentage change in mill-labor costs. It appears that there would be no change in price for most cotton products following a small increase in mill-labor costs. The more probable result would be an offsetting of increased costs through comparatively simple manipulation of other cost factors by the manufacturers. That such would be the reaction to an increased minimum wage in the cotton-textile in-

[9] Merchandising of Cotton Textiles—Methods and Organization—M. T. Copeland and E. P. Learned, 1933, p. 30.

dustry was intimated recently by S. L. Hoffman, head of the S. L. Hoffman and Co., manufacturers of wash dresses, who predicted that the cost increase due to the new law would be overcome by producers making up the amount through savings effected on cutting, on trimming, or on fabrics.[10]

From the viewpoint of the consumer, changes arising out of manufacturers' manipulations may, at times, be difficult to distinguish from price increases. If, for example, shirt manufacturers were to use shirtings of lesser yarn counts in order to offset any increased prices in their raw materials arising out of increased labor costs in textile mills, the effect on consumers would be much the same as if the prices of the shirts had been increased. Such steps, however, are probably taken as a last resort. Small increases in labor costs will no doubt be offset by the use of less costly patterns, by decreases in the depths of hems or the lengths of tails, or by similar changes which do not seriously affect the utility of the article.

Available facts and information seem to indicate rather strongly that the establishment of a moderately higher minimum wage in the cotton textile industry would not be reflected in consumers' prices of cotton products. It is possible, however, that in a period of general optimism there might be a complete change in the tone of the market and prices would increase more rapidly than could be explained by the established minimum wage. Such was the attitude that accompanied the enactment of the N. I. R. A., under which prices rose rapidly. The increased prices were not en-

[10] Women's Wear Daily, October 27, 1938.

tirely a result of increased labor costs, increased material costs, or a combination of the two, but were a result of these factors augmented by the buoyant psychological attitude which accompanied the enactment of the law. Under the N. I. R. A. industry members were encouraged to take unified action through trade associations resulting in production control, price publicity, and other activities which were conducive to price increases and maintenance.

Finally, it should be noted that the possible increase in prices to consumers, as calculated in this section of this report, is the *alternative* to the additional cost burden on textile manufacturers, as calculated in the first section. There will be no need for an increase in retail shirt prices if the mill operator, the converter, the shirt manufacturer, the wholesaler or the retailer, or any combination of them, absorbs the additional cost resulting from a wage increase. Equally, there will be no burden on the mill operator or on any of the subsequent processors or dealers if the full effect of the wage increase is passed on in higher prices to the consumer—except such slight decline in the volume consumed as may possibly result from a moderate increase in retail price.[11] It seems probable that an increase in mill costs following an increase in the minimum wage will be met in part out of the series of margins of manufacturers and dealers, in part by increases in efficiency and manipulations of product and in part by occasional increases in prices to consumers. The aggregate burden of in-

[11] For a discussion of the effect of price on the demand for cotton goods, see B. L. S. Bulletin No. 663, ch. 8.

creased costs would appear to be small, even if none of the burden were passed on to consumers, and the increased retail prices justified by any minimum wage recommendation of Industry Committee No. 1 also would appear to be small, even if all of the burden were borne by consumers. Under circumstances where such a burden may be further divided and offset in numerous ways, no minimum wage order would appear to have drastic effects on the industry as a whole or on the consumers of cotton-textile products.

3. INDUSTRY COMMITTEE EXHIBIT NO. 9

Confidential.—Prepared by Economic Section for Textile Industry Committee.

Competitive Conditions as Affected by Transportation Costs in the Cotton Textile Industry

SUMMARY

One problem confronting the Textile Industry Committee is whether there are any differences in transportation costs sufficient to justify the establishment of classified minimum wage rates in cotton-goods manufacturing. Authority for recommending such classification is derived from Section 8 of the Fair Labor Standards Act of 1938 which states, in part (par. C):

> The Industry Committee for any industry shall recommend such reasonable classifications within any industry as it determines to be necessary for the purpose of fixing for each classification within such industry the highest minimum rate (not in excess of 40 cents an hour) * * * which (1) will not substantially curtail employment in such classification and (2) will not give a competitive advantage to any group in the industry * * *. In determining whether such classifications should be made in any industry * * * no classification shall be made, and no minimum wage rate shall be fixed solely on a regional basis, but the industry committee and the Administrator shall consider, among other relevant factors, the following:

(1) Competitive conditions, as affected by transportation, living, and production costs * * *.

The question as to what regional differences in transportation costs actually exist is very complex. Any thorough consideration of this problem involves a discussion of:

(1) Transportation costs on raw cotton in the Southeast, Southwest, and New England areas.
(2) Transportation costs on grey goods in the South and in New England.
(3) Transportation costs on yarn in the South and in New England.
(4) Transportation costs on finished cotton fabrics in original piece:
    (a) In the Southeast and in the Northeast.
    (b) In the Southwest and in the Southeast.
    (c) From Alabama and Georgia and from the Carolinas to Central Territory.

The southeastern and southwestern textile mills appear to have an advantage over New England with regard to transportation costs on raw cotton. The major portion of the raw cotton used by the southern mills is obtained on relatively short hauls from the cotton-growing areas within 200 miles of these plants.[1] In those parts of the Southeast and

[1] "About two-thirds of the cotton received at southeastern consuming establishments during the season 1932–33 was of southeastern growth" (J. W. Wright and J. H. McLure, "The Distribution of American Raw Cotton, Season 1932–33." Bureau of Agricultural Economics, U. S. Department of Agriculture, 1937). Since 1933, according to a statement of Mr. Wright on February 2, 1939, there has been an improve-

of the Southwest where mills use the cotton raised in the nearby counties, there appears to be some disadvantage for the Southwest in transportation costs. However, for those southeastern mills (and especially those in North Carolina) where Texas and Central Belt cotton has to be transported considerable distances, there appears to be a disadvantage in transportation costs for the Southeast as against the Southwest because in the latter area the cotton is not likely to be brought to the mills from any great distance.

On shipments of grey goods and yarns, no differences between the rates for northern and southern mills have much competitive importance because the northern mills no longer ship any considerable proportion of these types of cotton products. Prior to 1937 the southern carriers had favored the mills in their areas by establishing low commodity rates on grey goods and yarn.

On shipments of finished cotton fabrics in the original piece the net difference in transportation cost to the disadvantage of southeastern mills, as against New England, has been computed by the joint Traffic Department of three southeastern textile manufacturers' associations. The differential against the Southeast, in comparison with New England, according to the computation, averages 51 cents per hundred pounds on shipments to New York City. On shipments to the 25 largest cities of the country the average differentials on all-rail and

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ment in the quality of the cotton raised in some of the Southeastern States, especially in South Carolina and Georgia. The southwestern mills, it is estimated, receive two-thirds or more of their cotton from surrounding cotton-growing counties.

on lowest-rated routes are, respectively, 10 cents and 27 cents per hundred pounds, or at the maximum about 30 percent higher from the Southeast via lowest rated routes.

The brief of the Committee of the Southwestern Textile Manufacturers, as submitted to the Textile Industry Committee, contains transportation rates on finished cotton goods from 4 representative mill points in Texas to 15 cities, compared with 4 representative mill points in the Southeast to the same destinations. No specific reasons are given in the brief for the selection of these particular 15 points of destination. Eight of these 15 cities (including Boston, New York, and Philadelphia), however, are among the 25 largest in the country, and a comparison can, therefore, be made for them between the Southwest and Southeast. Via lowest rated routes, the average difference in transportation costs per hundred pounds on finished cotton fabrics in original piece from Dallas as against Atlanta to these 8 large cities is 21 cents. Stated differently, the Dallas rates are 21 percent higher than the Atlanta rates to these 8 large cities.

The southwestern mills produce cotton fabrics for industrial uses to a considerable extent. Hence the most important destinations must be industrial cities. The average difference in transportation costs between Dallas and Atlanta to these 8 chief industrial cities of the central and western trunk-line territories is a matter of 13 cents, or 12 percent of the Atlanta rate.

Dallas is much further away than Atlanta to the 8 selected leading cities of the country and also to the 8 chief industrial cities of the Middle West. As a matter of fact, there is a difference

of 29 percent in the distance and only 12 percent in the transportation costs between Dallas and Atlanta to the 8 industrial cities selected as points of destination.

Prior to the decision of the Interstate Commerce Commission of November 21, 1935, Investigation and Suspension Docket 3636, Cotton, Woolen, and Knitting Factory Products, the rates from the Carolinas to Chicago, notwithstanding equal or shorter distances, were about 18 percent higher than those from the Atlanta base group. New rates were published after the decision as of June 8, 1937 (followed by a 10-percent increase in March 1938) which corrected this situation and put the Alabama and Georgia mills on a parity with those in North and South Carolina. Dallas was also placed on a parity with the Carolinas, Alabama, and Georgia on shipments to Chicago, despite the fact that it is further away than the southeastern mill points.

Transportation costs to the market represent a varying percentage of the total value of manufactured cotton goods in the Northeast, Southeast, and the Southwest. On the basis of the value and poundage for cotton woven goods over 12 inches in width, shown in the 1935 Census of Manufactures, it is estimated that the average values per pound for the three regions are approximately as follows:

New England	50 cents per pound
Southeast	35 cents per pound
Southwest	29 cents per pound

If 12 pounds be allowed for packing materials, the estimated average value per 100 pounds of shipments from the three areas becomes: New

England, 50 cents×88 pounds, or $44; Southeast, 35 cents×88 pounds, $30.80, and the Southwest, 29 cents×88 pounds, or $25.52, per 100 pounds.

The average rate via lowest rated routes from Boston to the 25 largest cities of the United States is 86 cents per 100 pounds on finished cotton fabrics in original piece. This rate, 86 cents, is 1.9 percent of the estimated value, $44, for a 100-pound shipment for New England, using Boston as a representative point. The average rate for both Charlotte and Atlanta, as representative of the Southeast, via lowest rated routes, to the 25 largest cities of the country, is $1.10 per 100 pounds on finished cotton fabrics in original piece. On the basis of this rate, the transportation cost may be calculated to be 3.6 percent of the estimated average value ($30.80) of a 100-pound shipment from the Southeast.

To the 25 largest cities of the United States, transportation costs to market thus constitute, on the average, 1.9 percent of total value of an average shipment for New England as against 3.6 percent for an average shipment from the Southeast.

So far as the Southwest is concerned, the average transportation cost to 8 of the largest cities and in addition to 8 of the chief industrial cities of the Middle West, is $1.23 per 100 pounds of finished cotton fabrics. This transportation cost amounts to 4.8 percent of the estimated $25.52 value for a 100 pound shipment from the Southwest. It will thus be observed that transportation costs to market constitute 4.8 percent of wholesale value in the Southwest, compared with 3.6 percent in the Southeast.

The disadvantage of the Southeast in comparison with the Northeast is represented as a matter of between 10 and 27 cents per 100 pounds on finished cotton fabrics to the 25 largest cities of the United States, and 51 cents per 100 pounds to New York City. With a value of $30.80 per 100 pounds, the disadvantage of the southeastern mills, therefore, appears to range from three-tenths of 1 percent to eight-tenths of 1 percent of the value of the goods, with the extreme disadvantage of perhaps 1.7 percent on shipments to New York City.

The average transportation cost per 100 pounds to market on finished cotton fabrics from Dallas, as representing the Southwest, to 8 of the leading cities of the United States and to 8 chief industrial cities of the Middle West is from 13 cents to 21 cents higher than from Atlanta, a typical Southeastern shipping point. If these differences are applied to the value of southwestern shipments, namely, $25.52, the disadvantage of the Southwest ranges from one-half of 1 percent to four-fifths of 1 percent of the value of such shipments.

Any attempt to set classified minimum-wage rates to offset differences in transportation costs in-bound and out-bound would present a difficult task. Frequently the mills in a given area will be found to have a disadvantage in shipping to one market, but an advantage in shipping to another. It might in fact be claimed that the logic of equalizing transportation-cost differentials would lead to setting separate minimum-wage rates on separate orders of mills for different markets.

TRANSPORTATION COSTS ON RAW COTTON

In considering competitive conditions, so far as transportation costs are concerned, the location of mills with reference to their raw materials is important. It is claimed that southeastern mills which buy their raw cotton from Texas pay as much for transporting the cotton as the New England mills which buy the same Texas cotton. However, southern cotton manufacturers obtain a great deal of their raw cotton from points not over 200 miles from the mills. On this local cotton the transportation cost by motortruck or rail is less than the transportation cost of the cotton shipped by water to New England.

The Southern States Industrial Council filed a brief on May 19, 1937, at the hearings on the Fair Labor Standards Act of 1937, which states that:

> Compressed cotton from Waco or Dallas moves to a Birmingham mill at 58 cents per 100 pounds, and cotton piece goods move from Birmingham to New York at 79½ cents per 100 pounds, which is a total transportation cost of $1.37½. The same cotton moves from Waco to New Bedford, Mass., at 46 cents, and piece goods from New Bedford to New York at 24 cents, or a total of 70 cents, as compared with $1.37½ from Birmingham.
>
> The rate on cotton from Dallas to Boston via Galveston, Texas, is 53 cents, which is composed of the rate by rail from Dallas to Galveston, and the water rate from Galveston to Boston. The all-rail rate from Dallas to Columbia, S. C., is 71 cents, with a rail-and-water rate of 68 cents to the same point. There are many other similar situations; as, for instance, the all-rail rate from Dallas to

Atlanta, Ga., is 63 cents, as compared to 53 cents from Dallas to Boston, via Galveston. Whatever of advantage there is left to the southern manufacturer in his nearness to the supply of raw materials, is also offset, to a great extent, by the water rate from many eastern points via the Great Lakes to such large consuming centers as Chicago, Detroit, and Cleveland.

These rates, which have been increased since they were presented at the hearings, apply only to that portion of the raw cotton used by southeastern mills which is shipped over long distances. The rates on the major local shipments are considerably lower.

The Southern Railway announced on September 6, 1938, the following mileage rates on raw cotton in the Southeastern States of North and South Carolina, Georgia, and Alabama:

Interstate rates per 100 pounds on flat or uncompressed cotton

35 miles and under	9 cents
100 miles	20 cents
150 miles	25 cents
200 miles	30 cents

In carload lots of 25,000 pounds, uncompressed, with 50 bales in the car, the rates per 100 pounds are even lower

35 miles	8 cents
100 miles	17 cents
150 miles	22 cents
200 miles	28 cents
300 miles	42 cents

These rail rates have been fixed to approximate the trucking scale. When contrasted with the rail-water rates from Texas to New England, given in the quotation above, these local rates indicate an advantage for the southeastern mills over New England.

Mr. H. A. Burow, Chairman of the Committee of Southwestern Textile Manufacturers, under date of January 21, 1939, in a communication to Mr. Donald M. Nelson, Chairman of the Textile Industry Committee, enclosed a statement showing the following rates on uncompressed cotton between Texas points and from Oklahoma points to Texas points, compared with the rates between points in the Southeast:

All-rail rates in cents per 100 pounds, any quantity

Distances	Between Texas points	From Oklahoma points to Texas points	Between points in the Southeast
25 miles	28½	40	8
50 miles	36	50	11
75 miles	42	59	15
100 miles	49	68	19
150 miles	56½	79	24
200 miles	61½	86	29
300 miles	68½	96	42
400 miles	73	102	54
500 miles	77½	108	66
600 miles	82	114	70

In reference to the rates shown in the foregoing table on raw cotton from Oklahoma points to Texas points, it should be emphasized in the first place that these are any quantity rates. The Traffic Division of the Interstate Commerce Commission reports that in carload lots of raw cotton, 25,000 pounds minimum, or approximately 50 bales, the rate from Troy, Oklahoma to Denison, Texas, a distance of 50 miles, is 26 cents per 100 pounds. Likewise, from Sasakwa, Oklahoma to Denison, Texas, a distance of approximately 100 miles, the rate on raw cotton in carload lots of 25,000 pounds, is 27 cents. In other words, the rates shown in the table between points in the Southeast should be

compared with the rates on carload lots from Oklahoma to Texas points. It is well known that there are comparatively low rates on raw cotton from the gins to the numerous compress points in the Southwest. And when the cotton is shipped in carload lots from these concentration points to the mills, there is a refund to the mill owners of the rate from the gins to the compress points. Furthermore, as the distance increases, the difference between the rates on raw cotton in the Southwest and the Southeast becomes less. In addition, to North Carolina or South Carolina the rates on cotton from Texas and the Central Belt (Mississippi, Louisiana and Arkansas) are higher than within Texas itself, as shown by special tabulations of the Traffic Division of the Interstate Commerce Commission.

TRANSPORTATION COSTS ON GREY GOODS

Prior to 1935 the southern carriers set low rates on the shipment of cotton goods in the grey, in order to promote the textile finishing industry in the South. These preferential commodity rates were originally made to place the southern bleacheries on a parity with the New England bleacheries in reaching the New York market. However, the same rates were also available to southern mills when the grey goods were destined to other markets and when the same necessity for equalization did not exist. The southern carriers not only gave a preferential rate to southern plants, but also charged much higher rates when the grey goods were shipped from southern mills to competitive bleaching mills in the North.[2]

[2] 211 I. C. C., p. 755.

Revised rates on grey goods were permitted by the Interstate Commerce Commission on November 21, 1935,[3] but the railroads did not put the new rates into effect until June 1937. The effect of the new rates on grey goods, however, is largely a theoretical one at present because the northern mills now produce only a small fraction of cotton goods for shipment in the grey. For example, New England mills shipped less than 8 percent of the total yardage of print cloth in the grey during the year 1934.[4]

TRANSPORTATION COSTS ON YARN

As in the case of grey goods, southeastern mills have long enjoyed favorable rates on shipments of cotton yarn. Some examples of the rates in effect prior to June 1937 are shown in the second column of Table 1. It will be seen that the former rates to Buffalo were lower for the long hauls from North Carolina and Alabama than for the shorter hauls from Fall River and New Bedford.

TABLE 1.—*Railroad rates on cotton-yarn shipments to Buffalo, N. Y.*

[Rates in cents per 100 pounds]

From—	Distance (miles)	Prior to June 8, 1937	Rate effective June 8, 1937 [1]
Fall River, Mass	498	78	70
New Bedford, Mass	512	78	70
Albemarle N. C	780	74	89
Charlotte, N. C	803	74	89
Decatur, Ala	842	74	89

[1] Following decision of Interstate Commerce Commission, Nov. 21, 1935 (211 I. C. C., p. 692).

[3] 211 I. C. C., p. 692.

[4] U. S. Tariff Commission, Report to the President on Cotton Cloth (No. 112), 1936, p. 119. New England mills produce a much larger proportion of finished cotton goods, of course.

The Interstate Commerce Commission decision of November 21, 1935, eventually led to a revision of railroad rates on yarn as well as on grey goods. In the case of yarn shipments to Buffalo the rate from New England points is now from 20 to 30 percent below the rates from southeastern points. Even so, yarn shipments from the South move at a lower rate per mile than the competitive shipments from New England.[5] Moreover, the Northern States have largely ceased to ship yarn for sale. Less than one-tenth of the weight and only about one-eighth of the value of yarn for sale was produced in Northern States in 1935.[6]

TRANSPORTATION COSTS ON FINISHED COTTON FABRICS FOR SOUTHEASTERN AND NORTHEASTERN MILLS

Three tables were prepared by Mr. Carl R. Cunningham, Manager of the Traffic Department, representing the Associated Southern Mills, the North Carolina Cotton Manufacturers Association, Incorporated, and the Cotton Manufacturers Association of South Carolina, showing transportation costs on finished cotton fabrics in original piece from northeastern and southeastern mills to (1) New York City, (2) 25 of the largest cities of the United States, and (3) 30 of the principal cities of the United States east of the Mississippi River. Only the first two of these tables are being referred to as typical and representative of the country as a whole.

On the basis of these tables it is alleged that the average transportation cost from the southeastern

[5] Railroad rates per mile may be computed easily from Table 1 by dividing the rates per hundred pounds, as shown, by the distances shown in column 1.

[6] Cf. Census of Manufactures, 1935, p. 285.

mill points to the principal consuming market of New York City is approximately ½ cent per pound, or 51 cents per 100 pounds higher than from the eastern and northeastern mill points to that market. The average rate from 50 representative southeastern points is given as 85.8 cents per 100 pounds, as against 34.2 cents per 100 pounds from 50 representative northeastern points to New York City on finished cotton fabrics in original piece.

TABLE 2.—*Transportation costs in cents per 100 pounds on finished cotton fabrics in original piece via standard rail routes and lowest rated routes, from Boston, Charlotte, and Atlanta to 25 largest cities of the United States*[1]

To principal cities	Rates via standard all-rail routes			Rates via lowest rated routes		
	Boston	Charlotte	Atlanta	Boston	Charlotte	Atlanta
New York, N. Y.	40	90	107	40	76	92
Chicago, Ill.	106	106	106	91	106	106
Philadelphia, Pa.	61	84	102	56	76	92
Detroit, Mich.	90	106	106	84	106	106
Los Angeles, Calif.	298	298	274	126.5	174.35	150.35
Cleveland, Ohio	84	97	105	80	97	105
St. Louis, Mo.	120	106	97	112	106	97
Baltimore, Md.	98	77	98	57	69	87
Boston, Mass.	0	99	116	0	81	98
Pittsburgh, Pa.	88	89	109	88	89	109
San Francisco, Calif.	298	298	274	105.75	153.6	148.6
Milwaukee, Wis.	106	117	110	93	117	110
Buffalo, N. Y.	77	99	116	75	99	116
Washington, D. C.	71	74	98	71	74	96
Minneapolis, Minn.	136	165	156	130	165	156
New Orleans, La.	145	108	87	103	108	87
Cincinnati, Ohio	103	91	85	96	91	85
Newark, N. J.	57	90	107	57	79	95
Kansas City, Mo.	166	155	142	153	155	142
Seattle, Wash.	298	298	274	107.5	155.35	150.35
Indianapolis, Ind.	103	100	94	98	100	94
Rochester, N. Y.	67	99	118	67	99	118
Jersey City, N. J.	57	90	107	57	76	92
Louisville, Ky.	109	90	84	103	90	84
Portland, Oreg.	298	298	274	107.5	155.35	150.35
Total	3,066	3,324	3,346	2,158.25	2,697.55	2,786.65
Averages	123	133	134	86	108	111

[1] Prepared by Carl R. Cunningham, Manager, Traffic Department, representing Associated Southern Mills, North Carolina Cotton Manufacturers Association, Inc., and The Cotton Manufacturers Association of South Carolina, Oct. 1, 1938. The rates from Philadelphia, included in Mr. Cunningham's table, have been omitted. The results are substantially the same, however.

It is also claimed that the average transportation cost to the principal markets of the United States, as represented by 25 of the largest cities, is approximately 30 percent higher from the Southeast than from the northern points over rail-water routes and approximately 12 to 15 percent higher from the Southeast via standard all-rail routes. (See Table 2.) The average rate from Boston via standard all-rail routes to the 25 largest cities of the United States is given as $1.23 per 100 pounds as against $1.33 from Charlotte, North Carolina, and $1.34 from Atlanta, Georgia, a difference of 10 and 11 cents per 100 pounds. Via the lowest-rated routes, the average rate from Boston to these largest cities of the United States is given as 86 cents per 100 pounds, as contrasted with $1.08 from Charlotte and $1.11 from Atlanta, Georgia, a difference of 22 and 25 cents per 100 pounds to the disadvantage of the Southeast.[1]

TRANSPORTATION COSTS ON FINISHED COTTON FABRICS FOR SOUTHWESTERN AND SOUTHEASTERN MILLS

The relative position of Southwestern mills as regards transportation costs depends to a very considerable extent upon the types of textiles actually produced in the Southwest and the proportion of these fabrics which are actually shipped to the various markets. No evidence has been submitted by representatives of Soutwestern mills as to type of

[1] If Boston and Philadelphia are taken for the Eastern base groups, instead of Boston alone, the differences are 16 cents and 27 cents by all rail and by lowest rated routes, respectively.

products or to distribution of shipments. However, information obtainable from textile directories and from the Interstate Commerce Commission (Docket 3636) supports the general conclusion that the fabrics made by Southwestern mills are to a considerable extent used for industrial purposes. On this assumption one would expect that the important markets for the products of Southwestern mills would be the leading industrial centers. A comparison between Atlanta and Dallas on all-rail shipments to 8 leading markets for industrial textiles has therefore been made. These 8 cities have been used in previous comparisons by the Interstate Commerce Commisison as a fair sample of the leading points of destination for industrial textiles. The Pacific Coast market presents a special problem for Southwestern mills and this problem is discussed separately.

The all-rail rates from Atlanta and Dallas to the 8 chief industrial cities of central and western trunk-line territory, reaching as far East as Pittsburgh, are shown in Table 3. Both the rates in effect prior to June 8, 1937, and those after that date when the decision of the Interstate Commerce Commission went into effect, are presented in this table. Two simple averages are also shown: One for the 8 cities together and another for 6 cities, excluding Minneapolis and Kansas City.

Dallas is 214 miles further away than Atlanta from the 8 cities, a 29 percent greater distance. Prior to June 8, 1937, there was a difference in the all-rail rate from Dallas to these 8 cities, as contrasted with Atlanta, of 17 cents per 100 pounds on

finished cotton fabrics in the original piece. This difference of 17 cents amounted to 19 percent of the Atlanta rate. After June 8, 1937, there was established a difference of only 13 cents in the rate from Dallas as compared with Atlanta on cotton piece goods to the 8 cities. This amounts to 12 percent of the present Atlanta rate. In other words, there is a difference of 29 percent in the distance but only 19 percent in the rail rate prior to June 8, 1937, and a still lower percentage—only 12 percent—in the rail rate after June 8, 1937, between Dallas and Atlanta to 8 of the chief industrial cities in central and western trunk-line territory.

TABLE 3.—*All-rail rate relation, south and southwest to central and western trunk-line territories*

To—	Distance		Atlanta		Dallas	
	From Atlanta	From Dallas	Prior to June 8, 1937	After June 8, 1937	Prior to June 8, 1937	After June 8, 1937
	Miles	*Miles*	*Cents per 100 pounds*	*Cents per 100 pounds*	*Cents per 100 pounds*	*Cents per 100 pounds*
St. Louis	603	656	75	97	83.5	97
Chicago	729	935	83	106	83.5	106
Cincinnati	475	967	69.5	85	92	106
Akron	716	1,214	83	105	106.5	145
Detroit	728	1,234	83	106	106	145
Pittsburgh	781	1,278	84.5	109	145	152
Minneapolis	1,095	945	128.5	156	132.5	158
Kansas City	876	484	123	142	114.5	97
Average	750	964	91	113	108	126
Average (excluding, Minneapolis and Kansas City)	672	1,047	80	101	103	125

TABLE 4.—*Transportation costs in cents per 100 pounds on finished cotton fabrics in original piece via lowest rated routes from Atlanta and Dallas to 8 of the largest cities of the United States*

Destination	Rates via lowest rated routes	
	Atlanta	Dallas
New York, N. Y.	92	105
Philadelphia, Pa.	92	105
Detroit, Mich.	106	145
Boston, Mass.	98	105
Pittsburgh, Pa.	109	152
Buffalo, N. Y.	116	131
Cincinnati, Ohio	85	106
Louisville, Ky.	84	106
Total	782	955
Average	98	119

If Minneapolis and Kansas City are excluded, the distance in mileage becomes even greater; Dallas is 375 miles farther than Atlanta to the 6 cities, a 56-percent greater distance on the basis of Atlanta mileage. There was a difference of 23 cents in the rail rate between Dallas and Atlanta prior to June 8, 1937, a matter of 29 percent of the Atlanta rate to the 6 cities. Since June 8, 1937, the rate from Dallas has been 24 cents greater than from Atlanta to the 6 cities, which is also 24 percent greater than Atlanta, on the basis of the Atlanta rate. It is evident, therefore, that despite a difference of 56 percent in mileage, Dallas suffers only a 24-percent difference in the all-rail rate tariff to 6 of the most important cities in the central and western trunk-line territories, to which it ships cotton fabrics for industrial purposes.

The Committee of the Southwestern Textile Manufacturers presented a brief containing, among other data, a comparison of transportation

rates from 4 representative Texas points and 4 southeastern points to 15 cities. There were no specific reasons given for the selection of the 15 cities chosen. However, 8 of the 15 are among the largest cities of the United States and a comparison of transportation rates to them from Atlanta and Dallas has been made (see Table 4). These 8 cities include the principal eastern markets of New York, Philadelphia, Boston, and Buffalo. Via lowest rated routes to the 8 cities, the average rate per 100 pounds of finished cotton fabrics in original piece is 98 cents from Atlanta and $1.19 from Dallas, a difference of 21 cents and also 21 percent. It should be borne in mind that Dallas is much farther away than Atlanta from the 8 leading cities.

The Committee of the Southwestern Manufacturers in its brief compared the rail-water rate from Scottdale, Georgia, on the one hand, and Texas points on the other, to the California or Pacific Coast ports. The through rate per 100 pounds on finished cotton goods in the original piece from Scottdale, Georgia, to California ports is given as $1.44, and from Texas points, $1.49, a difference of 5 cents.

TRANSPORTATION COSTS FROM ALABAMA AND GEORGIA AND FROM THE CAROLINAS TO CHICAGO

In the decision of the Interstate Commerce Commission of November 21, 1935, Investigation and Suspension Docket 3636, Cotton, Woolen and Knitting Factory Products,[8] the situation concerning the transportation costs on cotton piece goods from Alabama and Georgia, and from the Carolinas, to Chicago was discussed as follows:

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[8] 211 I. C. C., p. 746.

* * * The rates from the Carolinas to Chicago are 14.5 or 15 cents higher than those from the Atlanta base group. Such adjustment reflects an original differential of ten cents over Atlanta, dating back to the period when the Atlanta rate to Chicago was 55 cents. The difference in the rates from the Carolinas and the Georgia points varies at different destinations in central territory, but, distances considered, the spread is nearly always in favor of the Atlanta group. The present average rate from Atlanta is 84 cents for an average distance of 666 miles, and, from Columbus, 84 cents for 757 miles, as against similar figures for the Carolinas, as follows:

Spartanburg	96 cents	681 miles
Charlotte	94 cents	742 miles
Greensboro	94 cents	712 miles

The rates from the Carolinas are actually and relatively much higher than from Atlanta. No one seeks to have this situation continued.

Following the decision of the Interstate Commerce Commission, in Docket 3636, new rates were published as of June 8, 1937 (before the 10-percent increase went into effect in March 1938), by the carriers north and south, on cotton piece goods, to Chicago, Illinois. These new rates put the Alabama and Georgia mills on a parity with those in North and South Carolina. Whereas the previous rate on cotton piece goods to Chicago, Illinois, from Charlotte, North Carolina, was 97½ cents per 100 pounds, and from Abbeville, South Carolina, to Chicago was 98 cents, against 83 cents for Alabama and Georgia mills, the new rate effective June 8, 1937, was 96 cents for the Alabama, Georgia, South

Carolina and North Carolina mills. In addition, the same 96-cent rate (which is today $1.06) included points in New York State, Connecticut, Maine and Massachusetts, as well as Texas. The following table portrays the new and old situation:

TABLE 5.—*Railroad rates on cotton piece goods shipped to Chicago, Ill.*[1]

From—	Distance (miles)	Rates in cents per 100 pounds	
		Prior to June 8, 1937	Rate effective on June 8, 1937
Charlotte, N. C.	831	97½	96
Abbeville, S. C.	848	98	96
Opp, Ala.	850	83	96
Augusta, Ga.	891	83	96
New York, N. Y.	894	86	96
Hartford, Conn.	914	86	96
Dallas, Tex.	925	83½	96
Boston, Mass.	984	86	96
Manchester, N. H.	987	86	96
Lewiston, Maine	1,098	86	96

[1] Standard all-rail rates.

4. NATIONAL ASSN. OF COTTON MANUFACTURERS

Exhibit No. 2

From Brief of Dr. Claudius T. Murchison, President of the Cotton-Textile Institute, submitted to Industry Committee No. 1 under the Fair Labor Standards Act of 1938, January 1938:

> The decision of the several branches of the Cotton Textile Industry, the Rayon Weaving Industry, the Silk Woven Fabrics Industry, and the Throwing and Finishing industries, to present a single brief to this Committee is a formal recognition of the interlocking relationships which the textile market has forced on manufacturers of textiles.
>
> The growing unification of the textile industries arises from two common characteristics. First, in several areas of the textile market the products made from the different fibers are interchangeable, one for the other, and are, therefore, competitive. Second, the process of manufacture from raw material to finished product, despite different methods of treatment, is fundamentally alike. The equipment is virtually interchangeable. This is most noticeable in the case of silk and rayon, but practically all the looms in cotton mills which manufacture rayon fabrics are cotton looms, and can be used for weaving rayon fabrics or cotton fabrics interchangeably. Weavers operating rayon looms are no different from weavers operating cotton looms in the same mill.

It is not unusual for a weaver to run some looms on rayon and some looms on cotton simultaneously, nor is it unusual for a loom fixer to take care of a section which contains looms weaving both cotton and rayon fabrics.

In the cloth room inspecting, folding, baling, etc. are carried out by the same operatives for cotton as for rayon cloth. The same employee ships cotton cloth or rayon cloth, as the case may be, and the mill yard crew unloads cases of rayon yarn as well as bales of cotton. A similar situation exists in mills which manufacture rayon cloth and silk fabrics, though the larger part of the product of mills with primarily a silk background today is rayon. Since the great increase in the use of rayon staple fiber, from which spun rayon fabrics are made, there have been many fabrics woven of yarns blended of rayon and cotton, or rayon and silk.

Similarly, in the case of mixed fabrics, cotton and rayon or cotton and silk are woven together, and the fabrics of mixed fibers are handled in the same way as fabrics containing only one fiber. The majority of mills which can produce fabrics of cotton, rayon, and silk, can shift their production to the type of cloth demanded by the market. Each mill operates on the same basis of hours and wages, regardless of the fiber or fibers being used. To set a different minimum rate for operations on the three different fibers would create not only impossible manufacturing conditions, but conditions under which the administration of the law would be so complicated as to be difficult of enforcement.

The desirability, indeed the necessity, of including the finishing industries in these deliberations requires no extended discussion. Finishing is done not only in mills located in the same areas as the weaving mills, but to a large extent in the same mills. Their labor is drawn from the same labor market and in the case of mill finishers (mills having their own finishing departments) often divide their time between the weaving mill and the finishing department. The brief filed on behalf of the finishing industry under date of November 3, 1938, pursuant to the request of the Chairman of this Committee under date of October 19, 1938, elaborates the position of the finishers and is hereby included herein by reference.

5. NATIONAL ASSOCIATION OF COTTON MANUFACTURERS

Exhibit No. 5

CHARLES STORROW & CO.
Cotton Buyers

PUBLIC SERVICE BUILDING,
60 BATTERYMARCH ST.,
Boston, Mass., December 2, 1938.

RUSSELL T. FISHER, Esq.,
Pres., National Association of Cotton Manufacturers, Chamber of Commerce Building, 80 Federal Street, Boston, Mass.

DEAR MR. FISHER: In regard to our conversation a little while ago as to the difference in cost between landing cotton in New England mills as against landing cotton to the southeastern mills. It appears it costs from 25 to over 70 points per pound more to land New England as against southeastern mills. On this subject please observe the following which are quotations from letters received from some of our correspondents in Memphis, Tennessee; Montgomery, Alabama; Greenville, Mississippi:

MEMPHIS, TENN., *November 19, 1938.*

CHARLES STORROW & COMPANY,
60 Batterymarch St., Boston, Mass.
(Att. M. Brooks.)

GENTLEMEN: We have received your letter of the tenth regarding information as to the

cost of delivering cotton in the North as against the Carolinas and Georgia. Our landing costs to New England, all rail, from this territory figures 20 points higher than North Carolina, 25 points higher than South Carolina, 35 points higher than Georgia and about 40 points higher than Alabama. The points of destination which you listed included some on the New England coast which can be reached by water at a cheaper rate than by rail. For instance, our landing costs from Memphis to New Bedford by New Orleans and water figures 10 points cheaper than by rail. Lowell, Massachusetts, would figure about 5 points cheaper.

Trusting we have given you the information you desire, we remain,

Yours very truly,

MONTGOMERY, ALA.,
November 17, 1938.

CHARLES STORROW & Co.,
Boston, Mass.

GENTLEMEN: Referring to your letter of the 10th inst., below, please find a schedule of freight rates as requested by you:

	From Ala. pts.	*From Mfs. Tenn.*
New Bedford, Mass	90	90
Fall River, Mass	90	90
Providence, R. I	90	90
Nashua, N. H	90	90
Lowell, Mass	90	90
Portland, Maine	90	90
Waterville, Maine	90	93½
Greensboro, N. C	90	70
Columbia, S. C	59	64
Thomaston, Ga	30 to 40	58
Huntsville, Ala	10 to 30	46
Anniston, Ala	10 to 30	52

The above rates are in cents per hundred pounds, and are carload rates, except the rates from Alabama points to Alabama

points, and from Alabama points to Thomaston, Ga.

Trusting the above information satisfactory to you, we are

Very truly yours,

_____ _____.

GREENVILLE, MISS., *November 15, 1938.*

CHARLES STORROW & Co.,
Boston, Mass.

(Attention Mr. H. G. Brooks.)

GENTLEMEN: We have your letter dated November 10th inquiring about landing costs to various New England, Carolina, and Ga. points.

We enclose herewith chart showing landing charges which we figure to principal points in East, Carolina, Tennessee and Georgia. For your information landing charges all rail are the same for nearly all New England points as Boston, Mass. Likewise Macon, Ga.; Chattanooga, Tenn.; Knoxville, Tenn.; Columbia, S. C., have same landing charges as principal points in these States.

Yours very truly,

_____ _____.

We trust this information will be helpful to you. If there is anything further we can do in this situation we will be very glad to have your advice.

Sincerely,

(Signed) CHARLES STORROW & Co.

HGB/a

Copy of chart referred to in letter from Greenville

	Freight, all-rail	Freight, rail-water	Compression and concentration	Exchange	Insurance	Hedges	Loss in weight, claims, etc.	Total, all-rail	Total, rail-water
Macon, Ga	49	.....	18	4	3	6	10	90	.....
Chattanooga	47	.....	18	4	3	6	10	88	.....
Knoxville, Tenn	49	.....	18	4	3	6	10	90	.....
Columbia, S. C	56	.....	18	5	3	6	10	98	.....
Boston, Mass	84	.....	18	4	3	6	10	125	.....
Boston, New Bedford	.....	70	18	4	5	6	10	.....	113
Watuppa, Fall River	.....	73	18	4	5	6	10	.....	116
Lewiston, Maine	84	.....	18	4	3	6	10	125	.....

6. NATIONAL ASSOCIATION OF COTTON MANUFACTURERS

Exhibit No. 6

CHAS. T. MAIN, INC.,
Engineers
201 DEVONSHIRE ST.,
Boston, Mass., November 2, 1938.

Mr. RUSSELL T. FISHER, *President,*
National Association of Cotton Manufacturers,
80 Federal Street, Boston, Mass.

DEAR MR. FISHER: This is to confirm the matter we talked of today, as to certain relative costs North and South. Referring to a mill building of ordinary design, I have found by experience that a good method is to estimate the cost here in the North, and then take a percentage of that, in order to get the cost in the South. The percentage would vary in different sections somewhat, but 80% would be a reasonable average. You understand that this refers to mill buildings such as are used in the Textile Industry, and is not an item to be applied as a general statement to all sorts of things.

In reference to the cost of power for textile plants, my experience has been that this cost is less in the South than in the North. I do not feel that I can give you any definite figure for this relation, but the difference would be material.

Yours very truly.

CHAS. T. MAIN, INC.,
By (Signed) F. M. GUNBY,

FMG L

7. COMMITTEE OF SMALL TEXTILE MILLS
Exhibit No. 29

TABLE XXVIII.—*Percentage distribution of textile industries by sections, textile manufacturers, 1937*

	Number of establishments	Wage earners (average for year)	Wages	Cost of materials, fuel, electric energy, and contract work	Value of products	Value added by manufacturers
	Percent of United States					
THE SOUTH						
Bags other than paper	24.2	36.4	29.5	37.4	36.7	33.6
Cordage and twine	22.9	37.1	29.0	28.9	25.6	21.3
Cotton narrow fabrics	5.1	2.4	2.3	2.4	2.4	2.5
Cotton woven goods (over 12 inches)	67.4	75.5	72.1	77.4	75.5	73.3
Cotton yarn and thread	74.7	79.0	73.4	77.2	75.0	71.7
Dyeing and finishing-cotton fabric	17.1	31.1	25.0	44.9	38.6	32.1
Dyeing and finishing-yarn	15.6	31.1	25.3	26.0	24.5	23.8
Knitted goods	3.7	17.3	14.3	12.1	12.3	12.6
Rayon goods and yarns	11.1	32.6	32.9	35.6	36.9	38.1
Silk goods and yarns	2.8	3.8	3.2	4.8	4.4	3.9
Under- and night-wear, knitted	1.0	.2	.1	.2	.2	.3
Wool textiles	3.6	4.2	3.4	2.6	2.9	3.6
Percent South of United States	21.2	43.4	38.3	37.0	37.7	38.6
NEW ENGLAND						
Bags other than paper	2.2	.6	.7	.3	.3	.4
Cordage and twine	13.6	11.4	13.9	13.4	15.3	17.8
Cotton narrow fabrics	52.6	58.8	58.2	54.4	54.9	55.4
Cotton woven goods (over 12 inches)	16.3	19.7	22.7	17.1	19.1	21.5
Cotton yarn and thread	11.6	12.3	15.5	11.7	12.5	13.6
Dyeing and finishing-cotton fabric	28.9	37.3	42.5	30.5	32.2	34.0
Dyeing and finishing-yarn	16.4	16.7	17.3	19.2	19.3	19.3
Knitted goods	8.1	9.8	10.3	11.4	11.0	10.6
Rayon goods and yarns	14.6	14.6	13.4	17.1	13.1	9.5
Silk goods and yarns	6.4	12.6	15.3	13.0	13.0	13.1
Under- and night-wear, knitted	6.8	9.9	10.9	12.8	12.2	11.1
Wool textiles	50.7	58.3	60.4	56.1	56.5	57.1
Percent New England of United States	18.5	24.2	15.2	26.3	25.7	24.8

TABLE XXVIII.—*Percentage distribution of textile industries by sections, textile manufacturers, 1937*—Continued

	Number of establishments	Wage earners (average for year)	Wages	Cost of materials, fuel, electric energy, and contract work	Value of products	Value added by manufacturers
	Percent of United States					
MIDDLE ATLANTIC						
Bags other than paper	17.1	19.8	22.2	19.5	19.9	21.3
Cordage and twine	17.8	24.0	27.4	22.8	26.1	30.6
Cotton narrow fabrics	19.2	21.1	58.2	22.2	22.0	21.8
Cotton woven goods (over 12 inches)	12.6	2.6	3.1	3.3	3.3	3.2
Cotton yarn and thread	6.6	1.1	1.4	3.3	2.7	1.8
Dyeing and finishing-cotton fabric	35.0	15.2	16.8	11.3	14.2	17.3
Dyeing and finishing-yarn	57.0	43.3	47.1	42.7	45.0	46.1
Knitted goods	70.4	47.9	50.3	55.1	52.8	49.9
Rayon-goods and yarns	59.4	20.3	16.8	24.3	19.1	14.3
Silk goods and yarns	80.9	67.9	65.5	61.3	64.0	67.7
Under- and night-wear, knitted	63.3	49.7	51.4	53.8	53.9	54.0
Wool textiles	25.6	19.3	19.4	21.1	20.8	20.1
Percent Middle Atlantic of United States	43.4	17.5	17.7	20.3	19.4	18.2

Source: Developed from Census of Manufacturers, 1937, Bureau of Census.

8. COMMITTEE OF SMALL TEXTILE MILLS
Exhibit No. 30

TABLE XXIX.—*Comparison of Cotton-Textile Industry Within Each Section, by Percentage*

	Number of establishments	Number of wage earners	Wages	Cost of materials	Value of product	Value added
SOUTH	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Cotton manufactures, total	92.4	94.8	94.2	91.6	91.8	91.9
Cotton woven goods	55.4	74.2	76.2	70.2	71.9	74.0
Cotton yarn and thread	36.1	20.5	17.9	21.3	19.8	17.8
Cotton narrow fabrics	.9	.1	.1	.1	.1	.1
Dyeing and finishing, total	7.6	5.2	5.8	8.4	8.2	8.1
Dyeing and finishing, fabrics	5.1	4.5	5.1	8.0	7.7	7.3
Dyeing and finishing, yarns	2.5	.7	.7	.4	.5	.8
Cotton-goods industry	100.0	100.0	100.0	100.0	100.0	100.0
NORTH						
Cotton manufactures, total	60.2	76.0	71.5	75.7	72.9	70.1
Cotton woven goods	31.0	58.7	55.6	54.8	54.3	53.7
Cotton yarn and thread	11.4	9.4	8.4	12.2	10.2	8.2
Cotton narrow fabrics	17.8	7.9	7.5	8.7	8.4	8.2
Dyeing and finishing, total	39.8	23.0	28.5	24.3	27.1	29.9
Dyeing and finishing, fabrics	24.9	20.5	24.7	22.1	23.6	25.1
Dyeing and finishing, yarns	14.9	3.5	3.8	2.2	3.5	4.8
Cotton-goods industry	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bureau of the Census, Census of Manufactures, 1937.

II. *Statistical tables based on sources subject to judicial notice*

9. ESTABLISHMENTS AND WAGE EARNERS IN THE COTTON TEXTILE INDUSTRY, BY STATES, 1937

State	Number of establishments	Percentage of total	Number of wage earners	Percentage of total
Alabama	76	5.9	37,667	8.7
Arkansas	4	.3	819	.2
Connecticut	30	2.3	10,175	2.3
Georgia	129	10.1	69,735	16.0
Illinois	6	.5	651	.1
Indiana	3	.2	904	.2
Kentucky	3	.2	177	(1)
Maine	9	.7	9,812	2.3
Maryland	7	.5	1,765	.4
Massachusetts	128	10.0	44,719	10.3
Mississippi	10	.8	3,031	.7
New Hampshire	10	.8	7,039	1.6
New Jersey	26	2.0	1,446	.3
New York	47	3.7	5,380	1.2
North Carolina	333	26.0	104,457	24.0
Ohio	3	.2	116	(1)
Pennsylvania	85	6.6	6,359	1.5
Rhode Island	106	8.4	12,081	2.8
South Carolina	163	12.7	81,002	18.6
Tennessee	12	.9	7,884	1.8
Texas	19	1.5	5,538	1.3
Virginia	10	.8	12,001	2.8
Undistributed by States	63	4.9	12,171	2.8
Total	1,281	100.0	434,929	100.0

[1] Less than 1/10 of 1 percent.

Source: *Census of Manufactures*, 1937. Data on broad goods, narrow fabrics, and yarn and thread have been combined.

10 (a).—NUMBER OF HOURS OF ACTIVITY OF COTTON-SPINNING SPINDLES, UNITED STATES, SPECIFIED REGIONS AND STATES BY MONTHS, JANUARY 1938 TO OCTOBER 1940

[In millions of spindle hours]

Year and month	United States, total	Cotton-growing States	New England States	Alabama	Georgia	Mississippi	North Carolina	South Carolina	Tennessee	Texas	Virginia
1938											
Jan.	5,682.4	4,554.7	1,020.2	389.3	799.2	58.5	1,315.7	1,550.2	189.3	66.6	146.5
Feb.	5,588.5	4,383.1	1,090.4	395.2	742.4	56.1	1,288.2	1,479.9	178.9	62.5	144.4
Mar.	6,485.4	5,063.5	1,280.7	473.7	838.3	54.1	1,498.4	1,716.0	188.1	75.9	177.5
Apr.	5,265.9	4,166.7	978.9	417.3	692.8	45.4	1,231.3	1,392.4	154.3	69.8	130.4
May	5,449.3	4,233.2	1,101.0	403.9	740.3	43.3	1,239.8	1,379.0	173.9	76.7	142.2
June	5,665.8	4,538.7	1,003.8	369.8	776.2	46.1	1,283.6	1,606.7	195.1	76.1	146.0
July	5,919.3	4,700.3	1,109.8	395.1	763.9	52.9	1,376.4	1,663.2	174.8	71.0	168.9
Aug.	7,374.7	5,789.6	1,445.9	486.1	970.6	56.3	1,686.7	2,032.6	213.6	87.8	208.2
Sept.	6,613.3	5,296.6	1,169.3	492.0	992.2	54.6	1,313.5	1,928.3	192.4	80.4	203.4
Oct.	7,118.4	5,622.9	1,347.1	504.5	1,021.5	59.1	1,647.4	1,893.3	193.4	79.0	185.3
Nov.	7,575.1	6,023.3	1,407.1	552.5	1,100.1	52.6	1,789.5	2,012.8	210.4	70.4	191.6
Dec.	7,186.6	5,592.5	1,450.3	549.8	1,041.5	48.9	1,635.9	1,860.8	183.8	73.2	159.8
1939											
Jan.	7,640.8	6,040.5	1,457.5	581.2	1,104.2	53.6	1,780.7	2,026.2	203.4	73.7	178.6
Feb.	7,170.8	5,624.1	1,408.7	546.0	1,007.2	50.1	1,673.3	1,871.5	189.5	74.1	175.3
Mar.	8,235.5	6,424.3	1,650.4	630.0	1,158.6	48.6	1,898.5	2,131.1	225.6	82.2	206.8
Apr.	6,892.7	5,463.9	1,293.5	526.3	1,000.3	44.3	1,631.7	1,800.8	190.8	68.7	165.1
May	7,575.1	6,071.1	1,357.8	580.9	1,098.4	44.5	1,802.7	2,053.6	205.5	78.5	169.4
June	7,395.1	5,797.7	1,448.9	567.2	1,028.1	48.2	1,727.3	1,941.0	200.6	76.8	165.6
July	6,622.2	5,190.3	1,293.5	489.1	897.5	48.0	1,627.4	1,685.6	170.1	66.6	171.5
Aug.	7,907.8	6,211.9	1,539.2	627.1	1,120.8	49.3	1,916.4	1,958.8	204.1	77.7	217.5
Sept.	7,695.0	6,083.4	1,453.0	624.7	1,102.8	53.4	1,872.6	1,912.8	195.1	80.8	202.1
Oct.	8,580.6	6,698.1	1,700.6	695.3	1,212.1	64.0	2,074.7	2,126.4	205.5	85.3	191.8
Nov.	8,803.0	6,867.1	1,756.8	702.6	1,241.4	61.5	2,128.3	2,183.4	228.9	84.9	191.5
Dec.	8,039.8	6,248.6	1,620.7	643.3	1,125.5	56.0	1,920.2	2,037.8	205.2	78.6	142.8
1940											
Jan.	9,223.1	7,215.7	1,816.5	711.6	1,274.8	58.9	2,231.0	2,368.1	244.7	89.9	191.2
Feb.	8,266.1	6,534.9	1,551.7	649.0	1,145.4	46.0	2,006.2	2,151.9	220.9	83.6	191.8
Mar.	7,920.8	6,351.6	1,396.6	635.4	1,104.9	52.9	1,908.6	2,122.1	228.5	78.4	181.9
Apr.	8,011.9	6,384.1	1,450.8	593.5	1,091.4	47.3	1,951.7	2,177.6	213.1	80.7	188.3
May	8,039.5	6,515.0	1,369.8	606.0	1,114.3	35.7	1,960.1	2,244.5	236.3	76.1	199.0
June	6,900.4	5,555.6	1,197.7	539.1	986.6	29.5	1,629.6	1,939.0	206.8	63.9	123.3
July	7,535.3	5,995.4	1,394.1	582.1	1,037.0	31.3	1,839.2	2,046.0	224.0	76.0	118.3
Aug.	7,872.1	6,308.8	1,404.2	624.8	1,095.0	28.4	1,944.8	2,127.2	228.1	70.0	152.1
Sept.	7,867.4	6,316.7	1,403.6	648.8	1,108.5	28.4	1,939.1	2,072.4	224.0	81.5	175.9
Oct.	9,275.9	7,233.4	1,846.9	760.6	1,293.5	40.4	2,229.2	2,304.0	253.6	89.8	210.7

Source: Taken from monthly publications of the U. S. Department of Commerce, Bureau of Census, *Activity in the Cotton Spinning Industry.*

10 (b).—INDEX NUMBERS OF HOURS OF ACTIVITY OF COTTON-SPINNING SPINDLES, UNITED STATES, SPECIFIED REGIONS AND STATES, BY MONTHS, JANUARY 1938 to OCTOBER 1940

[January-June 1938=100]

Year and month	United States, total	Cotton-growing States	New England States	Alabama	Georgia	Mississippi	North Carolina	South Carolina	Tennessee	Texas	Virginia
1938											
January	99.9	101.4	94.5	95.4	104.5	115.6	100.4	101.9	105.2	93.5	99.1
February	98.2	97.6	101.0	96.8	97.1	110.9	98.3	97.0	99.4	97.7	97.6
March	114.0	112.8	118.7	116.0	109.6	106.9	114.4	112.8	104.5	106.6	120.0
April	92.6	92.8	90.7	102.2	90.6	89.8	94.0	91.5	85.7	98.0	88.2
May	95.8	94.3	102.0	98.9	96.8	85.6	94.6	90.6	96.6	107.7	96.2
June	99.6	101.1	93.0	90.6	101.5	91.1	98.0	105.6	108.4	106.8	98.7
July	104.0	104.7	102.8	96.8	99.9	104.6	105.1	109.3	97.1	99.7	114.2
August	129.6	128.9	134.0	119.1	126.9	111.3	128.8	133.6	118.7	123.3	140.8
September	116.2	118.0	108.4	120.5	129.7	107.9	100.3	126.8	106.9	112.9	137.6
October	125.1	125.2	124.8	123.6	133.6	116.9	125.8	124.5	107.5	110.9	125.3
November	133.1	134.1	130.4	135.3	143.8	103.9	136.6	132.3	116.9	98.8	129.6
December	126.3	124.6	134.4	134.7	136.2	96.7	124.9	122.3	102.1	102.8	108.1
1939											
January	134.3	134.5	135.0	142.4	144.4	105.9	139.5	133.2	113.0	103.5	120.8
February	126.0	125.3	130.5	133.8	131.7	99.0	127.7	123.0	108.3	104.0	118.6
March	144.7	143.1	152.9	154.3	151.5	96.2	144.9	140.1	125.4	115.4	129.9
April	121.1	121.7	119.9	128.9	130.8	87.5	124.6	118.4	106.0	96.4	111.7
May	133.1	135.2	125.8	142.3	143.6	87.9	137.6	135.0	114.2	110.2	114.6
June	130.0	129.1	134.3	139.0	134.4	95.3	131.9	127.6	111.5	107.8	114.7
July	116.4	115.6	119.9	119.8	117.3	95.0	124.2	110.8	94.5	93.5	116.0
August	139.0	138.3	142.6	153.6	146.5	97.5	146.3	128.8	112.4	109.1	147.1
September	135.2	135.5	134.6	153.0	144.2	105.5	143.0	125.7	108.4	113.4	136.7
October	150.8	149.2	157.6	170.3	158.5	126.5	158.4	139.8	114.2	119.8	129.7
November	154.7	152.9	162.8	172.1	162.3	121.6	162.5	143.5	127.2	119.2	129.5
December	141.3	139.2	150.2	157.6	147.1	110.7	146.6	134.0	114.0	110.3	96.6
1940											
January	162.1	160.7	168.3	174.3	166.7	114.7	170.3	155.7	136.0	126.2	129.3
February	145.3	145.5	143.8	150.0	149.7	90.9	153.2	141.5	122.7	117.4	129.7
March	139.2	141.5	129.4	155.7	144.4	104.6	145.7	139.5	127.0	110.1	123.0
April	140.8	142.2	134.4	145.4	142.7	93.6	149.0	143.1	118.4	113.3	127.4
May	141.3	145.1	126.9	148.5	145.7	70.6	149.6	147.5	131.3	106.8	134.6
June	121.3	123.7	111.0	132.1	129.0	58.3	124.4	127.5	114.9	89.7	84.7
July	132.4	133.5	129.2	142.6	135.6	62.0	140.4	134.5	124.5	106.7	80.0
August	138.4	140.5	130.1	153.1	143.2	56.2	148.5	139.8	126.7	98.3	102.9
September	138.2	140.6	130.0	158.9	144.9	56.2	148.0	136.2	124.5	114.4	119.0
October	163.0	161.6	171.1	186.3	173.4	79.8	170.2	151.5	140.9	126.1	142.5

Source: U. S. Department of Commerce, Bureau of Census. Computed from previous table (Appendix B, No. 10 (a)).

11. EMPLOYMENT AND PAY ROLLS IN COTTON GOODS MANUFACTURING, BY STATES, OCTOBER 1939 AND AUGUST 1940 [1]

[1937 Average=100]

State	Employment			Pay rolls		
	October 1939	August 1940	Increase or decrease	October 1939	August 1940	Increase or decrease
United States	98.7	92.9	−5.8	96.8	92.0	−4.8
Maine	95.8	78.9	−16.9	92.1	69.8	−22.3
New Hampshire	94.2	90.2	−4.0	84.7	78.8	−5.9
Massachusetts	97.2	82.2	−15.0	92.1	82.1	−10.0
Connecticut and Rhode Island	98.6	94.6	−4.0	90.8	92.4	+1.6
New York	111.8	105.5	−16.3	127.8	119.8	−8.0
Pennsylvania	83.5	63.4	−20.1	99.5	70.3	−29.2
North Carolina	102.7	98.3	−4.4	104.3	101.6	−2.7
Tennessee	90.9	89.2	−1.7	94.0	91.6	−2.4
South Carolina	94.4	97.0	+2.6	90.2	94.6	+4.4
Georgia	98.9	93.3	−5.6	100.2	94.1	−6.1
Alabama	96.1	91.6	−4.5	95.6	91.7	−3.9
Mississippi, Arkansas and Louisiana	93.1	61.9	−31.2	98.8	63.7	−35.1
Texas	110.0	109.3	−1.7	117.0	132.9	+15.9

[1] Taken from U. S. Department of Labor, Bureau of Labor Statistics, *Employment and Pay Rolls in Cotton Goods Manufacturing, by States*, 1937–40, Nov. 8, 1940.

12. INDEX NUMBERS OF WHOLESALE PRICES, COTTON GOODS, JANUARY 1938 TO AUGUST 1940

[January-June, 1938=100]

Year and month	Index	Year and month	Index
1938		1939—Continued	
Jan.	102.9	May	95.5
Feb.	102.0	June	96.7
Mar.	101.8	July	98.2
Apr.	99.1	Aug.	98.8
May	98.0	Sept.	106.2
June	96.4	Oct.	112.1
July	98.2	Nov.	112.8
Aug.	97.1	Dec.	113.4
Sept.	96.7		
Oct.	97.4	1940	
Nov.	98.2	Jan.	113.7
Dec.	97.4	Feb.	111.0
		Mar.	108.3
1939		Apr.	105.9
Jan.	97.0	May	104.7
Feb.	96.1	June	103.2
Mar.	96.1	July	103.5
Apr.	95.6	Aug.	103.8

Source: U. S. Department of Labor, Bureau of Labor Statistics, Wholesale Prices. Index converted to January-June, 1938, base from 1926 base.

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SUPREME COURT OF THE UNITED STATES.

No. 330.—October Term, 1940.

Opp Cotton Mills, Inc., et al., Petitioners, vs. Administrator of the Wage and Hour Division of the Department of Labor. } On Writ of Certiorari to the United States Circuit Court of Appeals for the Fifth Circuit.

[February 3, 1941.]

Mr. Justice Stone delivered the opinion of the Court.

Three types of questions are presented by the petition for certiorari in this case:

First, whether the Fair Labor Standards Act of 1938, 52 Stat. 1060, is authorized by the Commerce Clause, violates the Tenth Amendment and the Due Process Clause of the Fifth Amendment and is an unconstitutional delegation of the legislative power of Congress to the Administrator of the Wage and Hour Division of the Department of Labor, appointed pursuant to § 4(a) of the Act.

Second, whether an order of the Administrator prescribing a minimum wage in an industry is unauthorized by the statute and invalid because the procedure of the Administrator and an Industry Committee appointed by him pursuant to § 5 of the Act, which resulted in the order, is unauthorized and violates the Fifth Amendment.

Third, whether the order of the Administrator is invalid because his findings on which the order is based are without the support of substantial evidence. The challenged findings are that the minimum wage established by the order will not substantially curtail employment, and that a classification within the industry is unnecessary for the purpose of fixing, for each classification within it, the highest minimum wage which will not substantially curtail employment in such classification and will not give any competitive advantage to any group in the industry.

Petitioner, Opp Cotton Mills, Inc., an Alabama corporation subject to the Fair Labor Standards Act, alleging that it was ag-

grieved by an order of respondent, the Administrator, brought the present proceeding in the Circuit Court of Appeals for the Fifth Circuit pursuant to § 10 of the Act, to review and set aside the order fixing a uniform 32½ cents per hour minimum wage for the textile industry and for other relief. So far as now relevant petitioners challenged the validity of the Act and the order upon the grounds already mentioned. The Court of Appeals sustained the order. 111 F. (2d) 23. We granted certiorari, October 14, 1940, on a petition raising the same questions concerning the validity of the order which we deem of public importance in the administration of the Act.

The general scope of the Act and the provisions of § 15(a)(1)(2) and (5) and §§ 6 and 7, prohibiting the manufacture for and shipment in interstate commerce of goods produced for the commerce by employees employed at less than the prescribed minimum wage or more than the prescribed maximum hours without payment of the required overtime wage, have been discussed in No. 82, *United States* v. *Darby Lumber Company*, decided this day. It is unnecessary to repeat that discussion here.

We are here concerned with § 5(a), § 6(a)(4), and § 8, under which the proceedings were had which resulted in the challenged order of the Administrator. These sections read together set up an administrative procedure for establishing a minimum wage in particular industries greater than the statutory minimum prescribed by § 6, but not in excess of 40 cents an hour, such increase over the statutory minimum to be fixed for any industry subject to the Act by the Administrator in collaboration with an industry committee.

Section 5 provides, subsection (a), that the Administrator shall appoint an industry committee for each industry engaged in interstate commerce or in the production of goods for the commerce; that, subsection (b), the committee shall include persons representing the public, one of whom shall be designated as chairman, a like number representing employees in the industry, a like number representing employers in the industry, and directs that "In the appointment of the persons representing each group, the Administrator shall give due regard to the geographical regions in which the industry is carried on"; that, subsection (d), the Administrator shall submit to the committee from time to time available data on matters referred to it, shall cause to be brought before the committee in

connection with such matters any witnesses whom he deems material, and that the committee may summon other witnesses or call upon the Administrator to furnish additional information to aid it in its deliberations.

Section 6(a)(4) provides that at any time after the effective date of the section the minimum wage shall be "not less than the rate (not in excess of 40 cents an hour) prescribed in the applicable order of the Administrator issued under section 8". Section 8(a) prescribes the procedure to be followed by the Administrator and industry committee in establishing the minimum wage authorized by § 6(a)(4). It provides that with the view to carrying out the policy of the Act "by reaching, as rapidly as is economically feasible without substantially curtailing employment, the objective of a universal minimum wage of 40 cents an hour in each industry" subject to the Act, the Administrator "shall from time to time convene the industry committee for each such industry" which "shall . . . recommend the minimum rate or rates of wages to be paid under section 6 by employers" subject to the Act "in such industry or classifications therein".

Upon the Administrator's referring to the committee the question of minimum wage rates in an industry, § 8(b) requires it to "investigate conditions in the industry", authorizes it or a subcommittee to "hear such witnesses and receive such evidence as may be necessary or appropriate to enable the committee to perform its duties and functions" under the Act and requires the committee to "recommend to the Administrator the highest minimum wage rates for the industry which it determines, having due regard to economic and competitive conditions, will not substantially curtail employment in the industry". Subsection (c) requires the committee for any industry to "recommend such reasonable classifications within any industry as it determines to be necessary for the purpose of fixing for each classification within such industry the highest minimum wage rate (not in excess of 40 cents an hour) which (1) will not substantially curtail employment in such classification and (2) will not give a competitive advantage to any group in the industry, and shall recommend for each classification in the industry the highest minimum wage rate which the committee determines will not substantially curtail employment in such classification". It further directs that "no classification shall be made, and

no minimum wage rate shall be fixed, solely on a regional basis, but the industry committee and the Administrator shall consider among other relevant factors the following:

"(1) competitive conditions as affected by transportation, living, and production costs;

"(2) the wages established for work of like or comparable character by collective labor agreements negotiated between employers and employees by representatives of their own choosing; and

"(3) the wages paid for work of like or comparable character by employers who voluntarily maintain minimum-wage standards in the industry."

By § 8(d) after the industry committee files its report with the Administrator he, "after due notice to interested persons, and giving them an opportunity to be heard, shall by order approve and carry into effect the recommendations contained in such report, if he finds that the recommendations are made in accordance with law, are supported by the evidence adduced at the hearing, and, taking into consideration the same factors as are required to be considered by the industry committee, will carry out the purposes of this section". Otherwise the Administrator is required to disapprove the recommendations of the committee and again refer the matter to the committee or to another committee for the industry which he may appoint for that purpose. Subsection (f) provides among other things that the wage orders of the Administrator "shall define the industries and classifications therein to which they are to apply" and subsection (g) provides that "due notice of any hearing provided for in the section shall be given by publication in the Federal Register and by such other means as the administrator deems reasonably calculated to give general notice to interested persons."

As appears from his findings in support of the order, the Administrator, on September 13, 1938, appointed Industry Committee No. 1 for the textile industry, that industry being so defined by the order of appointment as to include the manufacture of cotton, silk, rayon and other products. Seven persons representing the public, seven representing employers in the industry, and seven representing employees were appointed to the Committee. Upon request of the Administrator at the Committee's first meeting in October, 1938, subcommittees were appointed for the purpose of considering precisely where the line should be drawn between the textile and some

related industries not included in the definition adopted. Before the Committee concluded its deliberations on the recommended wage order the Administrator modified the definition in certain respects not now material.

At a meeting in December, 1938, the Committee heard witnesses and received briefs and memoranda from numerous interested parties. Statistical and economic studies by the Bureau of Labor Statistics in the Economic Section of the Wage and Hour Division had been previously submitted. The Committee then designated another subcommittee to gather additional information and hear such testimony as it deemed necessary to enable the Committee to arrive at a wage recommendation. This subcommittee obtained further economic data and heard additional witnesses including representatives of the American Association of Cotton Manufacturers of which petitioner is a member.

On March 21, 1939, after extended discussion and deliberation, the Committee, by a vote of thirteen to six, adopted a resolution which fixed tentatively a minimum wage of 32½ cents an hour amounting to $13 per forty-hour week or $676 for 52 weeks, as the rate to be recommended to the Administrator. At this meeting the Committee rejected proposals to establish classifications in the industry and wage differentials among the classes. A subcommittee was appointed to draft a report, and on May 22nd and 23rd, after the Administrator had again modified the definition of the industry, the Committee again approved by the same vote as before the 32½ cents minimum wage. The report was accepted and signed, the minority filing two reports in opposition to the recommendation. The report detailed the proceedings of the Committee, analyzed the evidence and data upon which the Committee relied in making its recommendation, gave special consideration to the question whether the wage fixed would curtail employment in the industry generally and in the southern cotton mills in particular, and to the problem of classification. It concluded that "no reasonably efficient enterprise in the textile industry need fear the result of the modest wage standard recommended for the industry", and that the data before it "did not warrant any regional" or other "classification".

On May 27th the Administrator gave notice in the Federal Register which was also issued to the press and published in many newspapers, of a public hearing on the recommendations of the Committee. At the hearing which commenced on June 19, 1939,

and was concluded on July 11th, more than 135 witnesses were heard, over 3,300 pages of testimony were taken and eight volumes of exhibits were submitted; oral arguments were heard by the Administrator on July 25th and written briefs were received until August 22, 1939. On September 29, 1939, the Administrator made his findings and order carrying into effect the recommendations of the Committee, effective October 24, 1939, the date on which pursuant to § 6(a)(2) a minimum wage of 30 cents per hour for all employees subject to the Act became effective.

The industry, as defined by the order, includes broadly the manufacture of yarns and fabrics of cotton and competing material such as rayon and silk, and of those finished products such as sheets, towels and napkins which are normally manufactured in the fabric weaving mills. The Administrator found that the basic considerations in determining which manufacturing processes were to be included within the definition were competitive interrelationships, convertibility of looms and the operations normally carried on by textile mills.

Although the Administrator was of opinion that the question of the composition of the Industry Committee was not properly before him for determination, he reviewed the evidence and concluded that the members had been chosen with due regard to the geographical regions in which the industry is carried on and that the Committee had considered the factors set forth in § 8 of the Act and had reached its recommendation in accordance with law.

The Administrator found that the 32½ cent minimum wage would increase the average wage bill for the textile industry as a whole 4 per cent over the 25 cent minimum in effect before October 24, 1939, and 2.1 per cent over the 30 cent minimum in effect thereafter and that the wage increases in the southern portion of the industry would be 6.25 per cent and 3.15 per cent over the 25 and 30 cent minimum respectively. He further found that since the average labor costs do not constitute over 36 per cent of production costs the minimum wage increase would increase production costs slightly over one-third of the percentages of wage increases just indicated, and that the increase in production costs would not result in such a rise in prices to ultimate consumers of the finished product as to decrease consumer demand.

From all this he drew the conclusion that there would be no substantial curtailment of employment in the industry as a whole or in

its southern branch as a result of the increased wage. In the case of small cotton mills in the south employing only 7 per cent of the southern cotton textile workers (5 per cent of all in the entire cotton industry), paying the lowest wages, he concluded that the new minimum rate as contrasted with the 30 cent statutory rate would raise manufacturing costs more than the 1.94 per cent average, and for these mills the increase would range from 2.77 per cent to 3.75 per cent. The Administrator found that curtailment of employment even in the mills paying the lowest wages would be dependent on total cost and the technological and general efficiency of each mill, and that low wages do not necessarily coincide with a low degree of efficiency. The Administrator found generally that the small southern mills are not necessarily marginal or the least profitable and that, accepting the figures submitted by the group of small mills opposing the 32½ cent minimum, the increase in labor costs for such mills would be 13.5% and only 4 per cent in total manufacturing cost over the 25 cent minimum. The increase over the 30 cent minimum would be slightly over one-third of these percentages. The Administrator also found that a modernization program in these mills would displace only a small number of employees. From these and other facts detailed in the findings, the Administrator concluded that there would be no substantial curtailment of employment even in the group of small mills.

The Administrator also considered the factors for determining whether classification should be made for wage differentials within the industry. After examining numerous studies of living costs made by the Bureau of Labor Statistics of the Department of Labor he concluded that the costs of living in the north exceeds that in the south by about 4.6% on the average, and that the differences in costs between cities in each region greatly exceed the difference between the two regions as a whole. He accordingly concluded that living costs do not vary substantially or uniformly between regions and do not effect competitive conditions in the industry. He found that northern mills had an advantage with respect to transportation costs in shipping to the New England states, but southern mills had an advantage in shipping to the middle west and south, having a great population; that many northern finishing mills receive unfinished cloth from southern factories and thus bear the disadvantage in freight rates from the south to northern

finishing mills and that on an average the south has a slight transportation advantage with respect to cotton coming to the mills there. He concluded that even with the average freight rates in the south somewhat higher than the north, on the whole the advantages and disadvantages in transportation costs in the two regions were approximately in balance and that any remaining disadvantage was so small as not to affect competitive conditions appreciably.

After considering the proportion of obsolescent machinery in northern and southern mills, their taxes, efficiency of workers, power and construction costs and profits, the Administrator found that the southern mills were at least in a position of equality with northern mills in so far as these factors affect production costs, and that after the establishment of the 32½ cent minimum the prevailing minimum wages in the north would be considerably higher than in the south. He concluded that neither wage rates in collective labor agreements nor wages paid by employers maintaining voluntary minimum wage standards required a classification within the industry, and finally he concluded that the Industry Committee's recommendations "are made in accordance with law, are supported by the evidence adduced at the hearing, and taking into consideration the same factors as are required to be considered by the Industry Committee, the prescribed 32½ cent wage will carry out the purposes of § 8 of the Act".

Constitutionality of the Act. The objections that the sections of the Act imposing a minimum wage and maximum hours are not within the commerce power and infringes the Tenth and Fifth Amendments were discussed and disposed of in our opinion in No. 82, *United States* v. *Darby Lumber Co., supra.* Since petitioner concedes that he is engaged in the manufacture of cotton goods for interstate commerce it is unnecessary to consider these contentions further here.

There remains the question whether the Act is an unconstitutional delegation of the legislative power of Congress. Petitioner urges that the standards prescribed for fixing the authorized minimum wages between 30 and 40 cents per hour are too vague and indefinite to admit of any judicial determination whether they are within or without the standards prescribed by Congress.

It is not seriously urged that the policy and standards of the statute are subject to these criticisms independently of the pro-

visions relating to classification. Section 8 defines, with precision, the policy of the Act to raise the minimum wage to the 40 cents per hour limit "as rapidly as economically feasible without substantially curtailing employment" in each industry, and the standards of the administrative action applicable to the Administrator are those made applicable to the committee which it is provided "shall recommend to the Administrator the highest minimum wage rate for the industry which it determines, having due regard to economic and competitive conditions, will not substantially curtail employment in the industry". But it is said that application of these standards in an industry is made contingent upon the determination whether the industry is to be classified and if so, whether it is to be subject to particular wage differentials, and that these determinations in turn depend upon factors so inadequately defined as to afford no standard of administrative action.

Committee and Administrator are required, as prerequisites for the classification, to determine that it will not give a competitive advantage to any group in the industry, and that the prescribed wage will not substantially curtail employment in each classification, and in making these determinations the committee and Administrator must consider "among other relevant factors", competitive conditions as affected by transportation, living and production costs, and the wage scale for comparable work established by collective bargaining labor agreements, and by employers who voluntarily maintain minimum wage standards in the industry.

It is urged that the statute does not prescribe the relative weight to be given to the specified factors or the other unnamed "relevant factors". It is said that this, with the further requirements that the prescribed wage is to be fixed with "due regard to economic and competitive conditions"; that the classification if made shall not "give a competitive advantage to any group in the industry", and that the prescribed wage must be one fixed "without substantially curtailing employment", leave the function which the committee and Administrator are to perform so vague and indefinite as to be practically without any Congressional guide or control.

The mandate of the Constitution that all legislative powers granted "shall be vested" in Congress has never been thought to preclude Congress from resorting to the aid of administrative officers or boards as fact-finding agencies whose findings, made in

conformity to previously adopted legislative standards or definitions of congressional policy, have been made prerequisite to the operation of its statutory command. The adoption of the declared policy by Congress and its definition of the circumstances in which its command is to be effective, constitute the performance, in the constitutional sense, of the legislation function.

True, the appraisal of facts in the light of the declared policy and in conformity to prescribed legislative standards, and the inferences to be drawn by the administrative agency from the facts, so appraised, involve the exercise of judgment within the prescribed limits. But where, as in the present case, the standards set up for the guidance of the administrative agency, the procedure which it is directed to follow and the record of its action which is required by the statute to be kept or which is in fact preserved, are such that Congress, the courts and the public can ascertain whether the agency has conformed to the standards which Congress has prescribed, there is no failure of performance of the legislative function.

While fact finding may be and often is a step in the legislative process, the Constitution does not require that Congress should find for itself every fact upon which it bases legislation. "It is a *constitution* we are expounding" "intended to endure for ages to come, and, consequently, to be adapted to the various *crises* of human affairs". *McCulloch v. Maryland*, 4 Wheat. 316, 407, 415. In an increasingly complex society Congress obviously could not perform its functions if it were obliged to find all the facts subsidiary to the basic conclusions which support the defined legislative policy in fixing, for example, a tariff rate, a railroad rate or the rate of wages to be applied in particular industries by a minimum wage law. The Constitution, viewed as a continuously operative charter of government, is not to be interpreted as demanding the impossible or the impracticable. The essentials of the legislative function are the determination of the legislative policy and its formulation as a rule of conduct. Those essentials are preserved when Congress specifies the basic conclusions of fact upon ascertainment of which, from relevant data by a designated administrative agency, it ordains that its statutory command is to be effective.

The present statute satisfies those requirements. The basic facts to be ascertained administratively are whether the prescribed wage as applied to an industry will substantially curtail employment, and

whether to attain the legislative end there is need for wage differentials applicable to classes in industry. The factors to be considered in arriving at these determinations, both those specified and "other relevant factors", are those which are relevant to or have a bearing on the statutory objective. The fact that Congress accepts the administrative judgment as to the relative weights to be given to these factors in each case when that judgment in other respects is arrived at in the manner prescribed by the statute, instead of attempting the impossible by prescribing their relative weight in advance for all cases, is no more an abandonment of the legislative function than when Congress accepts and acts legislatively upon the advice of experts as to social or economic conditions without reexamining for itself the data upon which that advice is based.

Measured by this requirement the present statute is no less an exercise of the legislative function than was the Tariff Act of 1922 authorizing the President to raise or lower tariff duties so as to equalize the difference which, with the aid of the Tariff Commission, he finds between the costs of production of dutiable articles in this and in foreign countries, his determination, to be based upon a variety of relevant factors, some specified and others not, for which the statute prescribed no relative weight. See *Hampton & Company* v. *United States,* 276 U. S. 394; cf. *Norwegian Nitrogen Products Co.* v. *United States,* 288 U. S. 294; *United States* v. *Bush & Co.,* 310 U. S. 371. See to the like effect under other statutes *Interstate Commerce Commission* v. *Louisville & N. R. Co.,* 190 U. S. 273 (Interstate Commerce Act); *Mulford* v. *Smith,* 307 U. S. 38, 48, 49 (Agricultural Adjustment Act of 1938); *Sunshine Anthracite Coal Co.* v. *Adkins,* 310 U. S. 381, 399 (Bituminous Coal Conservation Act of 1937); *Currin* v. *Wallace,* 306 U. S. 1 (Federal Tobacco Inspection Act); *United States* v. *Rock Royal Cooperative,* 307 U. S. 533 (Agricultural Marketing Agreement Act).

The procedure before the Industry Committee. The procedure before the Committee is assailed upon three principal grounds: that the changes in definition of the textile industry made after the appointment of the Committee rendered the order of appointment void; that the order defining the industry is also invalid because the Administrator placed the woolen industry in a different industry under a different Committee, rather than in the textile industry including cotton, silk and rayon; and that the Committee

was not properly constituted under the statute because the Administrator in selecting it did not give "due regard to the geographical regions in which the industry is carried on". Certain procedures before the Committee are also challenged because they are said to be unauthorized or contrary to the statute or to the requirements of due process.

At the outset the distinct separation of the functions to be performed by the committee under § 8(a), (b), (c), (d), from that to be performed by the Administrator after submission of the committee's report, is to be noted. The committee is required to be composed of equal numbers of representatives of the public, of the employers and of the employees in the industry, selected with due regard to geographical considerations. It acts as an investigating body with the duty to report its recommendations to the Administrator. Its report is the basis of the proceedings before the Administrator under § 8(d) which are judicial in character, with provisions for notice and full hearing. The issue to be determined by the Administrator upon the hearing is whether the recommendations of the committee "are made in accordance with law, are supported by the evidence adduced at the hearing, and, taking into consideration the same factors as are required to be considered by the industry committee, will carry out the purposes of this section". Review of the Administrator's order fixing a wage is had under § 10 by petition to the circuit court of appeals on the record made before the Administrator. Thus under the provisions of § 8(d) no wage is fixed which is not recommended by the committee, and not then without appropriate hearing, findings and order by the Administrator.

As already stated the Administrator's order of September 13, 1938, setting up the Industry Committee, defined the industry so as to include the manufacture of a variety of cotton, silk and rayon products, including those made by petitioner, and throughout the proceedings his product was so included. On recommendation of the Committee two changes in the definition were made with reference to the inclusion and exclusion of products which were near the borderline of the definition before the amendment. December 19, 1938, the order was amended so as to exclude knitted fabrics and to include other products such as blankets and sheets. A second amendment ordered by the Administrator on May 22, 1939, just

before the Committee adopted its report, added to the Industry the manufacture of mixed products containing not more than 45 per cent wool.

In all this we can find no failure to comply with the statute. Section 5(a) directs that "the Administrator shall, as soon as practicable, appoint an industry committee for each industry" subject to the Act. But it does not direct a final definition of the industry to be made before the committee meets and such a requirement plainly would not comport with the purposes of the Act. Section 8(f) provides that orders of the Administrator "issued under this section" which are the final orders fixing a wage "shall define the industries and classifications therein to which they are to apply". So far as the definition is open to attack, it is upon the record made before the Administrator if it there appears that the definition does not conform to the statute, or that the recommendations of the committee were based on a different definition of the industry from that finally made and so do not support an order for the industry as defined.[1] But subject to these requirements which insure that recommendations of the committee and the order of the Administrator are based on the same definition of the industry, there is no provision of the statute preventing amendment of the definition while the matter is pending before the committee and no purpose or policy of the Act which would be served by precluding such amendments so long as the report of the committee is based on the amended definition. It is to the advantage of the administration of the Act that the completeness and accuracy of the definition should be reexamined and the definition revised with the aid of the committee at any time before its report is submitted. We find nothing in the statute to prevent it.

Section 3(h) defines "Industry" as meaning "industry or branch thereof or group of industries". In defining the textile industry and in fixing for it a wage which with due regard to "economic and competitive conditions" will not substantially curtail employment in the industry it was appropriate for the Administrator to take into account competitive conditions. In defining the industry the Administrator took into account the competitive interrelationship of the fabrics included and the interchangeability of the looms em-

[1] Here the Committee reconsidered its report, after the Administrator had redefined the industry on May 22, 1939, and again adopted its recommendations which had been agreed upon.

On the record before us, we

ployed in producing them; and in excluding the woolen industry he took account of its competitive relationships with the products included and the different nature of the establishments, labor forces and wage structures associated with the two types of product. We cannot say that in so doing he transgressed any provision of the statute. Nor can we say that in applying these tests he departed from its purpose. The inclusion of a given product in one industry or another, where both are subject to the Act, principally concerns convenience in administering the Act. For the provisions for classification with appropriate wage differentials affords ample opportunity for fixing an appropriate wage with respect to any product whether it is placed in one industry or another. There is no serious contention and we find no basis for saying that the evidence does not support the Administrator's order with respect to exclusion of wool from the definition of the textile industry.

We conclude also that the composition of the Committee satisfies the requirements of the Act. The Committee consisted of twenty-one persons, seven selected from each of the three groups represented. Of the employer representatives five were cotton goods manufacturers, and four of these were from the southern states. The rayon and silk manufacturers each had one representative. Since these branches of the industry are predominantly northern they were selected from the north. Three of the seven members representing the public were from southern states, one was from Pennsylvania and three from the middle west. Two of the representatives of labor were from the south, three from the north and two of them from Washington, D. C. All five of the non-southern labor members of the Committee were executive officials of or connected with labor organizations, national in scope, which represented employees in the south. Thus nine of the members of the Committee were from the south, and the Administrator could have concluded that five others fairly represented the south.

While only 31 per cent of the factories in the industry are in the south, 51.5 per cent of the value of the product is produced in southern mills and 55 per cent of the wage earners in the industry are employed by those mills. Petitioner argues that since the south had a mathematical preponderance in the Industry the Administrator was required by the statute to appoint a majority of each group, or at least a majority of the members of the Committee from that region. But the requirement of the statute that the Adminis-

trator give "due regard" to geographical considerations is not a requirement for a mathematical geographical apportionment of the committee. It calls for the exercise of discretion by the Administrator in selecting, with the purposes of the Act in mind, a committee on which the geographically distributed interests of the Industry shall be fairly represented. As the record shows that the lowest wage scale prevailed in the southern mills, the Administrator could have concluded that a selection of a committee, a majority of whose members represented a low wage locality would tend to defeat the purposes of the Act. The Act was also intended to protect the interests of employers and employees of mills in other localities which compete with the low wage scale mills. We cannot say that the Administrator failed to give "due regard" to geographical considerations or otherwise abused his discretion in the selection of the Committee.

Petitioner makes a great variety of criticisms of the proceedings before the Committee, all of which rest on the presupposition that either the statute or the demand of due process of law requires the Committee to hold hearings upon notice to interested persons and that its hearings be subject to review before the Administrator and finally as a part of the proceedings before the Administrator to judicial review on petition to the Circuit Court of Appeals, as provided by § 10.

Section 5(c) directs that the Administrator shall "by rules and regulations prescribe the procedure to be followed by the committee". Section 5(d), as already noted, provides that the Administrator shall submit data to the committee, shall cause witnesses whom he deems material to be brought before it, and that the committee "may summon other witnesses" to aid in its deliberations. Section 8(b) requires the industry committee to "investigate" conditions in the industry. It provides that the committee "may hear such witnesses and receive such evidence as may be necessary or appropriate" and requires the committee to "recommend" to the Administrator "the highest minimum wages which it determines having due regard to economic and competitive conditions, will not substantially curtail employment in the industry". After the report is filed with the Administrator he, upon due notice and hearing, is required to approve or reject the recommendations.

It is clear that the sections of the statute now before us do not require the committee to conduct a quasi-judicial proceeding upon

notice and hearing. Its function, as already stated, is to investigate upon the basis of data which the Administrator may submit and which the committee may procure for itself and to report its recommendation with respect to the minimum wage. Cf. *Norwegian Nitrogen Co.* v. *United States, supra,* 318. That such is the interpretation of the statute is abundantly supported by its legislative history. See Conference Committee Report, H. Rept. No. 2738, 75th Cong., 3d Sess., p. 31, and the explanation of the bill by the Chairman of the Senate Committee, 83 Cong. Rec. 9164. In his statement he pointed out that the procedure is modeled upon the New York Minimum Wage Act, see *Tipaldo* v. *Morehead,* 298 U. S. 587, 619, and he emphasized that no minimum wage rate could be established which had not been first "carefully worked out" by a committee drawn principally from the industry itself and that it should not then be put into effect "by administrative action which has not been found to be in accordance with law by an independent responsible administrative officer of the government, exercising an independent judgment on the evidence after a legal hearing".

The demands of due process do not require a hearing, at the initial stage or at any particular point or at more than one point in an administrative proceeding so long as the requisite hearing is held before the final order becomes effective. The proceedings before the Administrator as provided by § 8(b) satisfy the requirements of due process without further requirement, which the statute omits, of a hearing on notice before the Committee. *York* v. *Texas,* 137 U. S. 15; *American Surety Co.* v. *Baldwin,* 287 U. S. 156, 168; *United States* v. *Illinois Central R. R. Co.,* 291 U. S. 457, 463.

The command of § 8(d) that the Administrator, as a prerequisite to a wage order, find that the recommendations of the committee "are made in accordance with law" does not extend to a review of the evidence and hearings before the committee or an investigation of the mental processes by which Committee members reached their conclusion to recommend the minimum wage, or extend beyond inquiry upon evidence before the Administrator whether the requirement of statute and rules of the Administrator as to the composition of the committee, the definition of the industry, and the actions required to be taken by the committee have been observed.

Such being the function of the committee it is immaterial that substitutes were appointed for two members in the course of its deliberations, it not appearing that they did not consider the evidence taken and the proceedings had before their appointment to the Committee.

Procedure before the Administrator. Notice of the hearing before the Administrator was given in conformity to the statute, and since the notice was forty days in advance of the time when petitioner's representative was heard and introduced evidence into the record and a further opportunity was given to present evidence, the contention that the notice to petitioner was inadequate or failed to meet constitutional requirements is without merit. And as the issue for determination by the Administrator in the light of the statutory requirements was framed by the report and recommendation of the Committee to the Administrator there was no failure to inform petitioner of the contentions made in behalf of the Government. Cf. *Morgan* v. *United States*, 298 U. S. 468; 304 U. S. 1. Nor can we find any error or want of due process in permitting the Industry Committee to appear before the Administrator by counsel and to offer evidence in support of its recommendations or in permitting members of the staff of the Wage and Hour Division to give testimony. See *Denver Union Stockyards Co.* v. *United States*, 304 U. S. 470, 477.

Support in the evidence of the Administrator's findings. By § 10 review of the Administrator's order by the courts is limited to questions of law "and findings of fact by the Administrator when supported by substantial evidence shall be conclusive". Petitioner attacks the Administrator's findings that the 32½ cent minimum will not substantially curtail employment and that classification of the industry is not required, on the ground that they are not supported by substantial evidence.

Since the statute required these findings to be based upon consideration of economic and competitive conditions in the industry, as affected by transportation, living and production costs, including wages, the findings rest, to a substantial degree upon studies of statistical data with respect to these factors gathered by government agencies and published by them officially. They include publications of the Bureau of Labor Statistics, the Interstate Commerce Commission, the Federal Trade Commission, and the Economic Section of the Wages and Hour Division of the Department of Labor. The

most important and the principal object of attack is Bulletin No. 663 of the Bureau of Labor Statistics entitled "Wages in Cotton Goods Manufacturing", which is a study of the economic conditions generally prevailing in the cotton textile industry and in particular of the wages of employees. The statistics gathered, if regarded as of probative force, and the inferences drawn from them by the Administrator, taken with other evidence, amply support his findings.

The argument of petitioner is not that the record contains no evidence supporting the findings but rather that this class of evidence must be ignored because not competent in a court of law. But it has long been settled that the technical rules for the exclusion of evidence applicable in jury trials do not apply to proceedings before federal administrative agencies in the absence of a statutory requirement that such rules are to be observed. *Interstate Commerce Commission* v. *Baird*, 194 U. S. 25, 44; *Interstate Commerce Commission* v. *Louisville and N. R. Co.*, 227 U. S. 88, 93; *Spiller* v. *Atchison, Topeka & Santa Fe Ry. Co.*, 253 U. S. 117; *United States* v. *Abilene & Southern Ry. Co.*, 265 U. S. 274, 288; *John Bene & Sons* v. *Federal Trade Commission*, 299 Fed. 468, 471. We need not consider whether this class of evidence must be excluded from proceedings in court.

Further the documents in question were received in evidence without objection. And even in a court of law if evidence of this character is admitted without objection it is to be considered and must be accorded "its natural probative effect as if it were in law admissible". *Diaz* v. *United States*, 223 U. S. 442, 450; *Rowland* v. *St. Louis & San Francisco R. R. Co.*, 244 U. S. 106, 108; cf. *United States* v. *Los Angeles & Salt Lake R. Co.*, 273 U. S. 299, 312.

The reliability of the data published in the Bulletin was supported before the Administrator by the testimony of some of his compilers. In the circumstances we think the Bulletin and other documents in question were evidence to be considered by the Administrator; that the weight to be given to them and the inferences to be drawn from them were for the Administrator and not the courts, and that they lend substantial support to his findings.

Further contentions that the findings, and particularly the finding that classification in the industry is unnecessary, and the subsidiary findings as to differences in transportation, living, and production costs, are unsupported by substantial evidence are ad-

dressed either to the weight and dependability of the evidence supporting the findings or to the testimony of particular witnesses or conflicting evidence on which petitioner relies. We have examined these contentions and, without further elaboration of the details of the evidence, we conclude that the Administrator's findings are supported by substantial evidence. Any different conclusion would require us to substitute our judgment of the weight of the evidence and the inferences to be drawn from it for that of the Administrator which the statute forbids.

Numerous other contentions are advanced by petitioner but they are subsidiary to those which we have already considered, or are of such slight moment as to call for no further discussion.

Affirmed.

A true copy.

Test:

Clerk, Supreme Court, U. S.

END